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NOTICE

The undermentioned Gazettes of India Extraordinary were published upto the 8th September 1956 :—

Issue No.	No. and date	Issued by	Subject
258	S.R.O. 1949, dated the 17th August, 1956.	Government of Ajmer.	Appointment of date on which the Ajmer State Panchayat (Election and Business) Rules, 1956, shall come into force.
259	S.R.O. 1950, dated the 3rd September, 1956.	Ministry of Law	Appointment of authority under section 16 of the Bihar and West Bengal (Transfer of Territories) Act, 1956.
260	S.R.O. 1951, dated the 1st September, 1956.	Government of Ajmer.	Draft amendments in the Ajmer State Municipalities Election Rules, 1955.
261	S.R.O. 1952, dated the 24th August, 1956.	Ministry of Commerce and Industry.	Amendment made in the Textile Commissioner's notification No. S.R.O. 1589, dated the 23rd June 1956.
262	S.R.O. 2033, dated the 5th September, 1956.	Ministry of Food and Agriculture.	The Calcutta Wheat (Movement Control) Order, 1956.
263	S.R.O. 2034, dated the 5th September, 1956.	Ditto.	The Delhi Wheat (Movement Control, Order, 1956.
264	S.R.O. 2035, dated the 5th September, 1956.	Ministry of Labour.	Appointment of date on which some provisions of the Employees State Insurance Act, 1948 shall come into force in certain areas of the State of Travancore-Cochin.
265	S.R.O. 2036, dated the 6th September, 1956.	Ministry of Finance (Department of Revenue.	Exemption of certain exhaust fans, when imported, from so much of customs duty in excess of 5¼ per cent *ad valorem*.
	S.R.O. 2037, dated the 6th September, 1956.	Ditto.	Exemption of nickel powder, when imported, from the whole of customs duty.

Issue No.	No. and date	Issued by	Subject
266	S.R.O. 2038, dated the 7th September, 1956.	Ministry of Labour	The Central Government specified the employment of Assistant Harbour Masters of the Commissioners for the Port of Calcutta as essential services.
267	S.R.O. 2039, dated the 8th September, 1956.	Ministry of Heavy Industries.	The Central Government authorises Shri K. P. Jain to take over the management of Shree Janki Sugar Mills and Company.
268	S.R.O 2040, dated the 8th September, 1956.	Ministry of Commerce and Consumer Industries.	Grant of recognition to the Adoni Groundnut seeds and Oil Merchants' Association Limited in respect of forward contracts in Groundnut kernels.
	S.R.O. 2041, dated the 8th September, 1956.	Ditto.	Grant of recognition to the Adoni Groundnut seeds and Oil Merchants' Association Limited in respect of forward contracts in groundnut oil.

Copies of the Gazettes Extraordinary mentioned above will be supplied on indent to the Manager of Publications, Civil Lines, Delhi. Indents should be submitted so as to reach the Manager within ten days of the date of issue of these Gazettes.

PART II—Section 3

Statutory Rules and Orders issued by the Ministries of the Government of India (other than the Ministry of Defence) and Central Authorities (other than the Chief Commissioners).

MINISTRY OF HOME AFFAIRS

New Delhi-2, the 5th September 1956

S.R.O. 2045.—In pursuance of clause (*b*) of rule 2 of the Citizenship Rules, 1956, the Central Government hereby appoints each of the officers specified in column 2 of the Schedule hereto annexed to perform in the State of Bihar the functions of the Collector under the said Rules in respect of the area specified against him in the corresponding entry in column 3 and comprised within the district mentioned in column 1 of the said Schedule.

SCHEDULE

Name of the District	Designation of the Officer	Area
1	2	3
1. Patna	Sub-Divisional Officer, Bankipore (Sadar) Sub-Division	Bankipore (Sadar) Sub-Division.
	Sub-Divisional Officer, Patna City Sub-Division.	Patna City Sub-Division.
	Sub-Divisional Officer, Dinapore Sub-Division.	Dinapore Sub-Division.
	Sub-Divisional Officer, Barh Sub-Division.	Barh Sub-Division.
	Sub-Divisional Officer, Bihar Sub-Division.	Bihar Sub-Division.

1	2	3
2. Shahabad (Arrah)	Sub-Divisional Officer, Arrah Sadar Sub-Division.	Arrah Sadar Sub-Division.
	Sub-Divisional Officer, Buxar Sub-Division.	Buxar Sub-Division.
	Sub-Divisional Officer, Bhabhua Sub-Division.	Bhabhua Sub-Division.
	Sub-Divisional Officer, Sasaram Sub-Division.	Sasaram Sub-Division.
3. Gaya. . .	Sub-Divisional Officer, Gaya Sadar Sub-Division.	Gaya Sadar Sub-Division.
	Sub-Divisional Officer, Nawadah Sub-Division.	Nawadah Sub-Division.
	Sub-Divisional Officer, Jehanabad Sub-Division.	Jehanabad Sub-Division.
	Sub-Divisional Officer, Aurangabad Sub-Division	Aurangabad Sub-Division.
4. Bhagalpore . ..	Sub-Divisional Officer, Bhagalpur Sadar Sub-Division.	Bhagalpur Sadar Sub-Division.
	Sub-Divisional Officer, Banka Sub-Division.	Banka Sub-Division.
5. Monghyr . .	Sub-Divisional Officer, Monghyr Sub-Division.	Sadar Monghyr Sadar Sub-Division.
	Sub-Divisional Officer, Khagaria Sub-Division.	Khagaria Sub-Division.
	Sub-Divisional Officer, Jamui Sub-Division.	Jamui Sub-Division.
	Sub-Divisional Officer, Begusarai Sub-Division.	Bagusarai Sub-Division.
6. Santal Parganas (Dumka).	Sub-Divisional Officer, Neya Dumka Sadar Sub-Division.	Neya Dumka Sadar Sub-Division.
	Sub-Divisional Officer, Deoghar Sub-Division.	Deoghar Sub-Division.
	Sub-Divisional Officer, Rajmahal (Sahibganj) Sub-Division.	Rajmahal (Sahibganj) Sub-Division.
	Sub-Divisional Officer, Godda Sub-Division.	Godda Sub-Division.
	Sub-Divisional Officer, Jamtara Division.	Jamtara Sub-Division.
	Sub-Divisional Officer, Pakur Sub-Division.	Pakur Sub-Division.
7. Saharsa . .	Sub-Divisional Officer, Saharsa Sadar Sub-Division.	Saharsa Sadar Sub-Division.
	Sub-Divisional Officer, Supaul Sub-Division	Supaul Sub-Division.
	Sub-Divisional Officer, Madhepura Sub-Division.	Madhepura Sub-Division.
8. Purnea . .	Sub-Divisional Officer, Purnea Sadar Sub-Division.	Purnea Sadar Sub-Division.
	Sub-Divisional Officer, Katihar Sub-Division.	Katihar Sub-Division.
	Sub-Divisional Officer, Kishanganj Sub-Division.	Kishanganj Sub-Division.
	Sub-Divisional Officer, Araria Sub-Division.	Araria Sub-Division.
9. Muzaffarpur .	Sub-Divisional Officer, Muzaffarpur Sadar Sub-Division.	Muzaffarpur Sadar Sub-Division.
	Sub-Divisional Officer, Hajipur Sub-Division.	Hajipur Sub-Division.
	Sub-Divisional Officer, Sitamarhi Sub-Division.	Sitamarhi Sub-Division.

1		2	3
10.	Champaran (Motihari)	Sub-Divisional Officer, Champaran (Motihari) Sadar Sub-Division.	Motihari Sadar Sub-Division.
		Sub-Divisional Officer, Bettiah Sub-Division.	Bettiah Sub-Division.
11.	Darbhanga .	Sub-Divisional Officer, Darbhanga Sadar Sub-Division.	Darbhanga Sadar Sub-Division.
		Sub-Divisional Officer, Samastipur Sub-Division.	Samastipur Sub-Division.
		Sub-Divisional Officer, Madhubani Sub-Division.	Madhubani Sub-Division.
12.	Saran (Chapra)	Sub-Divisional Officer, Saran Sadar (Chapra) Sub-Division.	Saran Sadar (Chapra) Sub-Division.
		Sub-Divisional Officer, Gopalganj Sub-Division.	Gopalganj Sub-Division.
		Sub-Divisional Officer, Somian Sub-Division.	Somian Sub-Division.
13.	Ranchi . .	Sub-Divisional Officer, Ranchi Sadar Sub-Division.	Ranchi Sadar Sub-Division.
		Sub-Divisional Officer, Khunti Sub-Division.	Khunti Sub-Division.
		Sub-Divisional Officer, Gumla Sub-Division.	Gumla Sub-Division.
		Sub-Divisional Officer, Simdega Sub-Division.	Simdega Sub-Division.
14.	Hazaribagh .	Sub-Divisional Officer, Hazaribagh Sadar Sub-Division.	Hazaribagh Sadar Sub-Division.
		Sub-Divisional Officer, Chatra Sub-Division.	Chatra Sub-Division.
		Sub-Divisional Officer, Gridih Sub-Division.	Gridih Sub-Division.
15.	Palamau (Daltanganj)	Sub-Divisional Officer, Daltanganj Sadar Sub-Division.	Daltanganj Sadar Sub-Division.
		Sub-Divisional Officer, Latehar Sub-Division.	Latehar Sub-Division.
		Sub-Divisional Officer, Garhwa Sub-Division.	Garhwa Sub-Division.
16.	Singhbhum (Chaibasa)	Sub-Divisional Officer, Chaibasa Sadar Sub-Division.	Chaibasa Sadar Sub-Division.
		Sub-Divisional Officer, Dalbhum (Jamshedpur) Sub-Division.	Dalbhum (Jamshedpur) Sub-Division.
		Sub-Divisional Officer, Saraikella-Kharswan Sub-Division.	Saraikella-Kharswan Sub-Division.
17.	Manbhum (Purulia)	Sub-Divisional Officer, Purulia Sadar Sub-Division.	Purulia Sadar Sub-Division.
18.	Dhanbad . .	Sub-Divisional Officer, Dhanbad Sub-Division.	Dhanbad Sub-Division.

[No. 10/3/56-IC].

FATEH SINGH, Dy. Secy.

New Delhi-2, the 5th September 1956

S.R.O. 2046.—In exercise of the powers conferred by entry 3(b) of the table annexed to Schedule I to the Indian Arms Rules, 1951, the Central Government is pleased to specify Rajkumar Dalip Singh, brother of the Ruler of Keonthal, for purposes of that entry.

[No. 16/16/56-Police IV.]

C. P. S. MENON, Under Secy.

New Delhi, the 7th September 1956

S.R.O. 2047.—In pursuance of clause (a) of sub-section (1) of section 3 of the Bihar and West Bengal (Transfer of Territories) Act, 1956 (38 of 1956), the Central Government hereby appoints Shri V. Viswanathan, I.C.S., Joint Secretary to the Government of India in the Ministry of Home Affairs, as the authority for demarcating the boundary line referred to in the said clause (a) in accordance with the provisions of sub-section (2) of the said section.

[No. 12/3/56-SRI.]

S. BANERJI, Dy. Secy.

MINISTRY OF EXTERNAL AFFAIRS

New Delhi, the 3rd September 1956

S.R.O. 2048.—In exercise of the powers conferred by the proviso to article 309 of the Constitution, the President hereby directs that the following further amendments shall be made to the Indian Foreign Service Rules, 1954, namely:—

In the said rules, the existing sub-rule 13(4) shall be renumbered as 13(4)(a) and the following sub-rule shall be inserted as sub-rule 13(4)(b), namely:—

"(b) Passages through India.—A Government servant transferred from a post in a country to the East of India to another post in a country to the West of India, or *vice versa*, or from a post in a country to the North of India, to another post in a country to the South of India, or *vice versa*, and who avails of home leave in India before proceeding to his new post, is entitled to claim T.A. for self, members of his family and entitled number of servants either by the normal approved route from the old post to the new post or by the route adopted by him through India, whichever is less. For this purpose, the route through India will be the direct route from the place of entry into India to the place of exit from India, unless the route adopted by him is cheaper."

[No. F.8(5)-E.II/56 (IFSR-Amd.).]

A. S. MEHTA, Dy. Secy.

MINISTRY OF COMMERCE AND INDUSTRY

(Indian Standards Institution)

Delhi, the 31st August 1956

S.R.O. 2049.—In pursuance of sub-rule (1) of rule 4 of the Indian Standards Institution (Certification Marks) Rules, 1955, the Indian Standards Institution hereby notifies that the Standard Marks, designs of which together with the verbal description of the design and the title of the related Indian Standard are given in the Schedule hereto annexed, have been specified.

These Standard Marks, for the purpose of the Indian Standards Institution (Certification Marks) Act, 1952 and the rules and regulations framed thereunder, shall come into force with effect from 10th September 1956.

THE SCHEDULE

Design of the Standard Mark	Product/Class of Products to which applicable	No. and title of relevant Indian Standard	Verbal description of the design of the Standard Mark
1	2	3	4
IS : 21 (A)	Aluminium Sheets, Strips and Circles —Grade A.	IS: 21-1953 Specification for Wrought Aluminium for Utensils.	The monogram of the Indian Standards Institution, consisting of letters ISI, drawn in the exact style and relative proportions as indicated in Column (1), the number designation of the Indian standard and the Ist designation of the grade within parenthesis being superscribed on the monogram as indicated in the designs.
IS : 21 (B)	Aluminium Sheets, Strips and Circles—Grade B.		

(Sd.) D.V. KARMARKAR,
Deputy Director (Marks).
[No. MDC/11(5)

P. V. B. MENON, Under Secy.

(Indian Standards Institution)

Delhi, the 3rd September 1956

S.R.O.2050.—In pursuance of sub-regulations (2) and (3) of regulation 3 of the Indian Standards Institution (Certification Marks) Regulations, 1955, the Indian Standards Institution hereby notifies that the Indian Standards particulars of which are given in the Schedule hereto annexed have been established during the period 16th to 31st August 1956.

THE SCHEDULE

Serial No.	No. and title of the Indian Standard established	No. and title of the Indian Standard or Standards, if any, superseded by the new Indian Standard	Brief particulars
(1)	(2)	(3)	(4)
1	IS: 540-1956 Specification for Refined Cresylic Acid.	..	This standard prescribes the requirements and the methods of test for refined cresylic acid used in the manufacture of chemicals, synthetic resins antiseptics and disinfectants. (Price Rs. 2/-).

(1)	(2)	(3)	(4)
2	IS: 729-1956 Specification for Brass Drawer Locks, Cupboard Locks and Box Locks.	..	This standard covers the sizes, dimensions, materials and methods of manufacture of brass drawer locks, cupboard locks and box locks. (Price Rs. 2/-).
3	IS: 824-1956 Series of Preferred Values for Capacitors and Resistors.	..	This standard lays down the preferred values for the resistance of wire-wound and fixed composition resistors and the capacitance of capacitors. (Price As. -/12/-).
4	IS: 825-1956 Colour Code for Fixed Resistors.	..	This standard lays down the colour code for the identification of the values and tolerances on values of fixed resistors used in radio and electronic equipment. (Price Re. 1/-).

Copies of these Indian Standards are available for sale with the Indian Standards Institution, 19-University Road, Delhi-8.

(Sd.) D. V. KARMARKAR,
Deputy Director (Marks).

[No. MDC/11(4).]

S.R.O. 2051.—In exercise of the powers conferred by sub-regulation (1) of regulation 3 of the Indian Standards Institution (Certification Marks) Regulations, 1955, the Indian Standards Institution hereby notifies the issue of an errata slip, detailed in column (4) of the Schedule hereto annexed, in respect of the Indian Standard specified in column (2) of the said Schedule.

THE SCHEDULE

Serial No. (1)	No. and title of Indian Standard (2)	No. and date of Gazette Notification in which establishment of Indian Standard was notified (3)	Particulars of Errata Slips issued (4)
1	IS : 264-1950 Specification for Nitric Acid.	S.R.O. No. 658 dated the 26th March 1955	*Table I, item (vi)*—under column No. (5) insert the words "2 parts per millionn, max". *Appendix G, clause 1*—Read "TECHNICAL NITRATION AND ANALYTICAL REAGENT GRADES" for "PROCEDURE". *Appendix G, clause 1·1.*—Introduce the word "Procedure" as heading of the clause. *Appendix G, clause 1·2 line 3.*—Read 'technical and nitration grade' for 'techncial, nitration and pure grade'. *Appendix G.*—Introduce clause '2 PURE GRADE' after clause 1·2.

Copies of this errata slip are available, free of cost, with the Indian Standards Institution 19-University Road, Delhi-8.

(Sd.) D. V. KARMARKAR,
Deputy Director (Marks).

[No. MDC/11(4)

Delhi, the 7th September 1956

S. R. O. 2052.—In pursuance of sub-regulation (1) of regulation 8 of the Indian Standards Institution (Certification Marks) Regulations, 1955, the Indian Standards Institution hereby notifies that two licences, particulars of which are given in the Schedule hereto annexed, have been granted authorizing the licensees to use the Standard Mark.

THE SCHEDULE

S. No.	Licence No. and date	Period of Validity		Name and Address of Licensee	Article (s)/Process covered by the licence	Relevant Indian Standard
		From	To			
1	CM/L-13 3-9-1956	6-9-1956	5-9-1957	Messrs. Lallubhai Amichand Private Limited, 48/50 Kansara Chawl, Bombay-2.	Wrought Aluminium Utensils—Grade A and Grade B.	IS : 21—1953 Specification for wrought Aluminium for Utensils.
2	CM/L-14. 3-9-1956	10-9-1956	9-9-1957	The Metal Rolling Works Private Limited, 104 Sion-Matunga Estate, Bombay-22.	Aluminium Sheets, Strips and Circles—Grade A and Grade B.	IS : 21—1953 Specification for Wrought Aluminium for Utensils.

D. V. KARMARKAR,

Deputy Director (Marks).

[No. MDC/12 (77).]

S. R. O. 2053—In pursuance of sub-regulation (1) of regulation 8 of the Indian Standards Institution (Certification Marks) Regulations, 1955, the Indian Standards Institution hereby notifies that Licence No. CM/L-1, particulars of which are given in the Schedule hereto annexed, has been renewed for a period of three years.

THE SCHEDULE

S. No.	Licence No. and date	Period of Validity From	Period of Validity To	Name and Address of Licensee	Article(s)/Process covered by the licence	Relevant Indian Standard
1	CM/L-1 8-8-1955	15-8-1956	14-8-1959	The Aluminium Industries Ltd., No. 1 Ceramic Factory Road, Kundara (Travancore-Cochin State).	Steel-Cored and Plain Stranded Aluminium Conductors.	IS : 398—1953 Specification for Hard-Drawn Stranded and Steel-Cored Aluminium Conductors for Overhead Power Transmission Purposes (*Tentative*).

D. V. KARMARKAR,
Deputy Director (Marks).

[No. MDC/12 (7).]

B. R. ABHYANKER, Under Secy.

MINISTRY OF HEAVY INDUSTRIES

New Delhi, the 11th September 1956

S.R.O. 2054./IDRA/6/7/Am(3).—In exercise of the powers conferred by section 6 of the Industries (Development and Regulation) Act, 1951 (65 of 1951), the Central Government hereby makes the following amendment in the order of the Government of India in the Ministry of Commerce and Industry, No. S.R.O. 1515 dated the 6th July, 1955 namely:—

In paragraph I of the said order, against the category of members "being persons who in the opinion of the Central Government are capable of representing the interests of owners of industrial undertakings in the said scheduled industries", for the entry "3. Shri A. K. Wattal, Kailash Carpet Co., Agra" entry "3. Shri A. K. Wattal, Aerodrome Road, Baghat Barzala, Srinagar, Kashmir" shall be substituted.

[No. 5(5)IA(G)/55.]

R. N. KAPUR, Under Secy.

New Delhi, the 11th September 1956

S.R.O. 2055/ESS.COMM/IRON & STEEL-2(c)/AM(8).—In exercise of the powers conferred by sub-clause (c) of clause 2 of the Iron and Steel (Control) Order, 1956, the Central Government hereby directs that the following further amendment shall be made to the notification of the Government of India in the late Ministry of Commerce and Industry, No. S.R.O. 1112/ESS.COMM/IRON & STEEL-2(c), dated the 8th May, 1956, namely:—

In the Schedule annexed to the said notification, in column 2 thereof, against PUNJAB, for the entries—

"1. Director of Industries and Deputy Secretary to the Government of Punjab, Civil Supplies Department, Simla.";

"2. Deputy Director, Supplies, Government of Punjab, Simla."; and

"5. Deputy Iron and Fuel Control Officer, Punjab, Simla.",

a following entries shall be substituted, namely:—

"1. Director of Industries and Deputy Secretary to Government, Punjab, Industries Department.";

"2. Deputy Director Industries, Punjab (Industrial Supplies)."; and

"5. Industrial Supplies Officer, Punjab.".

[No. IS(A)-4(252)II.]

P. S. V. RAGHAVAN, Under Secy.

ORDER

New Delhi, the 5th September 1956

S.R.O. 2056/IDRA/18G/9/56.—In exercise of the powers conferred by section 18G of the Industries (Development and Regulation) Act, 1951 (65 of 1951), the Central Government hereby makes the following amendments in the Cement Control Order 1956, namely:—

1. For the existing proviso to sub-clause (1) of Clause 6 of the said Order, the following shall be substituted, namely:—

Provided that, where under any contract relating to the sale of cement entered into by a producer before the commencement of this Order the producer had agreed to allow a rebate, discount or commission in the price of cement payable by the purchaser, the Corporation shall be entitled to deduct from the price payable in respect of the cement sold to it under clause 3 the amount of the rebate, discount or commission in the same manner and to the same extent as it could have done if instead of the person mentioned in the contract the Corporation had been a party thereto;

Provided further that in respect of rapid hardening cement there shall be added to the price a sum of Rs 6 per ton or such other sum as the Central Government may fix in this behalf.

2. For proviso (i) to sub-clause (2) of Clause 6 of the said Order, the following shall be substituted, namely:—

Provided that—

(i) in respect of rapid hardening cement the price at which the Corporation may sell such cement to any person shall be Rs. 115 per ton of packed cement free on rail destination railway station.

[No. Cem-8(218)/56.]

G. RAMANATHAN, Dy. Secy.

ORDER

New Delhi, the 7th September, 1956

S.R.O. 2057/IDRA/6/7/Am(2).—In exercise of the powers conferred by section 6 of the Industries (Development and Regulation) Act, 1951 (65 of 1951), the Central Government hereby makes the following amendments in the order of the Government of India, Ministry of Commerce and Industry No. S.R.O. 1515/IDRA/6/7, dated the 6th July 1955, establishing a Development Council for the scheduled industries engaged in the manufacture and production of textiles made of wool, including woollen yarn, hosiery, carpets and druggets;—

(a) In paragraph 1 of the said Order, against the category of members "being persons who in the opinion of the Central Government have special knowledge of matters relating to the technical or other aspects of the said scheduled industries" after entry No. 5 relating to Shri J. R. Nayar, the following entries shall be inserted, namely:—

"5A. Shri S. S. Khot, Liaison Officer, (Sheep and Wool) Indian Council of Agricultural, Research, Ministry of Food and Agriculture, New Delhi."

"5B. Shri N. L. Narain, Deputy Director, (Sheep and Wool) BIKANER, (Rajasthan)".

(b) In para 3 of the said Order, after entry No. (7), the following entries shall be inserted, namely—

"(8) Promoting or undertaking inquiry as to materials and equipment and as to methods of production, management and labour utilisation, including the discovery and development of new materials, equipment and methods and of improvements in those already in use, the assessment of the advantages of different alternatives and the conduct of experimental establishments and of tests on a commercial scale.

(9) Advising on any matters relating to the industry (other than remuneration and conditions of employment) as which the Central Government may request the Development Council to advise and undertaking inquiries for the purpose of enabling the Development Council so to advise."

[No. 5(13)IA(GB)/56.]

D. N. KRISHNAMURTHY, Under Secy.

MINISTRY OF FOOD AND AGRICULTURE

(ICAR)

New Delhi, the 3rd September 1956

S.R.O. 2058.—Under Section 4(ii) of the Indian Cotton Cess Act, 1923 (XIV of 1923), the Central Government are pleased to nominate Shri R. M. Sundaram, I.C.S., Director of Agriculture, Madras, as member of the Indian Central Cotton Committee, to represent the Agricultural Department of the State Government upto 31st March, 1957, *vice* Shri P. P. I. Vaidyanathan, I.C.S., resigned.

[No. F.1-42/56-Com.II.]

MOKAND LALL, Under Secy.

MINISTRY OF TRANSPORT

(Transport Wing)

PORTS

New Delhi, the 5th September 1956

S.R.O. 2059.—The following draft of an amendment to the Port of Kandla (Handling and Storage of Compressed Gas Cylinders) Rules 1955 published with the Notification of the Government of India in the Ministry of Transport No. 3-PII(89)/54, dated the 10th June, 1955 which the Central Government proposes to make, in exercise of the powers conferred by sub-section (1) of section 6 of the Indian Ports, Act, 1908 (15 of 1908) is published, as required by sub-section (2) of the said section for the information of all persons likely to be affected thereby, and notice is hereby given that the draft will be taken into consideration after the 1st October, 1956.

Any objection or suggestion which may be received from any person with respect to the said draft amendment before the date so specified will be considered by the Central Government.

Draft Amendment

In rule 3 of the said rules, for the words "by the Conservator of the Port", the words "by the Conservator of the Port or an officer authorised by him in this behalf" shall be substituted.

[No. 3-PII(92)/56.]

New Delhi, the 6th September 1956

S.R.O. 2060.—In pursuance of the provisions of clause (3) of section 3 of the Indian Ports Act, 1 08 (XV of 1908), the Central Government hereby authorises Shri Aloysius Castelino, Chief Officer of the Scindia Steam Navigation Company's Coasting Steamers, to pilot vessels in the Port of Bombay, subject to the restrictions laid down in Part XII of the Bombay Port Trust Pilotage Bye-laws.

[No. 8.C-PI(66)/56.]

D. A. R. WARRIAR, Under Secy.

(Transport Wing)

NNNN

MERCHANT SHIPPING

New Delhi, the 6th September 1956

S.R.O. 2061.—In exercise of the powers conferred by sub-section (3) of section 26A of the Indian Merchant Shipping Act, 1923 (21 of 1923), the Central Government hereby makes the following further amendment in the Indian Merchant Shipping (Medical Examination) Rules, 1951, namely:—

In rule 14-A of the said Rules, for the figures and words "1st September, 1956" the figures and words "1st September, 1957" shall be substituted.

[No. 3-MS(5)/56.]

S. K. GHOSH, Dy. Secy.

MINISTRY OF NATURAL RESOURCES AND SCIENTIFIC RESEARCH

New Delhi, the 4th September 1956

S.R.O. 2062.—In exercise of the powers conferred by section 7 of the Mines & Minerals (Regulation and Development) Act, 1948 (LIII of 1948), the Central Government hereby makes the following rules, namely:—

1. **Short title and commencement.**—These rules may be called the Mining Leases (Modification of Terms) Rules, 1956.

2. Definitions.—In these rules unless the context otherwise requires,—

(a) 'Act' means the Mines and Minerals (Regulation & Development) Act, 1948 (LIII of 1948);

(b) 'Controller' means a Controller of Mining Leases appointed under rule 3;

(c) 'existing mining lease' means a mining lease granted prior to the commencement of the Act and subsisting at the commencement of these rules, but does not include any such lease in respect of—

(i) natural gas;

(ii) petroleum;

(iii) coal; or

(iv) any minor mineral within the meaning of clause (ii) of rule 3 of the Mineral Concession Rules;

(d) 'lessee' means the lessee of an existing mining lease and includes a sub-lessee or the successor-in-interest of the lessee or sub-lessee, but does not include a contractor engaged by the lessee or sub-lessee for the purpose of working the mine or any part thereof, and the expression 'lessor' shall be construed accordingly;

(e) 'Mineral Concession Rules' means the Mineral Concession Rules, 1949, made under section 5 of the Act;

(f) 'Minerals Conservation and Development Rules' means the Minerals Conservation and Development Rules, 1955, made under section 6 of the Act;

(g) 'Royalty' includes 'Dead Rent'.

3. Controller of Mining Leases.—The Central Government may, by notification in the Official Gazette, appoint one or more Controllers of Mining Leases for the purposes of these rules and any such Controller may be appointed for any specified area or in respect of any specified class of mining leases.

4. Existing leases to be brought into conformity with the Mineral concession Rules, 1949.—(1) As soon as may be after the commencement of these rules, the Controller shall by notice served in the manner specified in rule 13 call upon every lessee and the lessor to show cause why the terms and conditions of the existing mining lease should not be brought into conformity with the Mineral Concession Rules.

(2) Where the parties or any of them appear before the Controller in pursuance of a notice issued under sub-rule (1), the Controller, after giving the parties or party, as the case may be, a reasonable opportunity of being heard, shall issue an order making such modifications and alterations in the terms and conditions of the existing mining lease as may be necessary for the purpose of bringing it into conformity with the Mineral Concession Rules.

(3) Where none of the parties appear before the Controller in pursuance of a notice issued under sub-rule (1), the existing mining lease shall be deemed to have been so modified or altered as to conform to the Mineral Concession Rules.

5. Lessees to submit returns.—(1) Every lessee shall submit to the Controller within sixty days of the commencement of these rules a return in the form specified in the Schedule:

Provided that the Controller may in any particular case extend the said period of sixty days by a further period not exceeding thirty days if he is satisfied that the lessee was prevented by sufficient cause from submitting the return in time.

Provided further that the Central Government may in any special circumstances further extend the said period by such period as it deems fit.

(2) Every such return shall be accompanied by a true copy of the existing mining lease to which the return relates.

6. Modifications of the terms of existing mining leases.—(1) The Controller shall in respect of every existing mining lease prepare a statement of the modifications and alterations which he proposes to make in the terms and conditions of the lease so as to bring the lease into conformity with the Mineral Concession Rules.

(2) Except as otherwise provided in this rule, the Controller shall ordinarily propose all modifications and alterations in the terms and conditions of an existing mining lease which are necessary to bring the lease into conformity with the Mineral Concession Rules.

(3) The Controller may not propose any such modification or alteration in respect of any of the said rules, if in his opinion the existing mining lease substantially complies with that rule or if such modification or alteration would cause undue hardship to the lessee, but in every such case the Controller shall refer the matter to the Central Government which may, in exercise of the powers conferred on it under Section 12 of the Act, pass such orders thereon as it deems fit.

(3-A) The Controller shall not in any case propose an extension of the term of an existing mining lease.

(4) The Controller shall not propose a reduction of the term of an existing mining lease which is due to expire within fifteen years from the commencement of these rules.

(5) Where an existing mining lease has run for the maximum term prescribed under the Mineral Concession Rules, including the term for which it could have been renewed under these Rules, the Controller shall not propose the termination of the lease earlier than the expiry of fifteen years from the commencement of these rules.

(6) Where the maximum term prescribed under the Mineral Concession Rules including the term for which the lease would have been renewed under these rules would allow the lessee a period of less than fifteen years from the commencement of these rules, the controller shall so fix the term of the lease that the lease would terminate on the expiry of fifteen years from such commencement.

(7) Where the rate of royalty fixed in respect of any mineral under the existing mining lease is less than the rate of royalty prescribed in respect of that mineral under the Mineral Concession Rules (hereinafter referred to as the standard rate), but exceeds one-half of the standard rate, the Controller shall propose that the standard rate of royalty shall be payable as from the end of the fifth year from the commencement of these rules.

(8) Where the rate of royalty fixed in respect of any mineral under the existing mining lease does not exceed one-half of the standard rate, the Controller shall propose an increase in the royalty in the manner following, that is to say,—

(a) at the end of the first year from the commencement of these rules, the rate of royalty:

(i) if it is less than one-third of the standard rate, shall be increased to one-third of the standard rate;

(ii) if it is more than one-third of the standard rate, shall not be increased in that year;

(b) at the end of each of the two subsequent years the rate of royalty shall be so increased (the increase in each of the said two years being to the same extent) that at the end of the third year from the commencement of these rules, the rate of royalty is one-half of the standard rate;

(c) there shall be no further increase in the rate of royalty at the end of the fourth year from the commencement of these rules;

(d) the standard rate of royalty shall be payable as from the end of the fifth year from the commencement of these rules.

(9) Where the rate of royalty fixed in respect of any mineral under the existing mineral lease exceeds the standard rate of royalty, the Controller shall propose a decrease in the royalty in the manner following, that is to say,—

(a) where the rate of such royalty exceeds twice the standard rate, the Controller shall propose a reduction in the royalty in two stages one-half of the excess shall be wiped out at the end of the third year from the commencement of these rules and the remaining one-half shall be wiped out at the end of the fifth year from such commencement;

(b) where the rate of such royalty does not exceed twice the standard rate, the Controller shall propose that the standard rate of royalty shall be payable as from the end of the fifth year from the commencement of these rules.

(10) Where the Controller proposes a reduction in the area covered by an existing mining lease, the Controller shall observe the following principles:—

(a) in any case where there is an area which is not being worked and which is not contiguous to any area which is being worked, the Controller shall exclude that area;

(b) in any other case, the Controller shall exclude such area as he may determine, having regard to the following matters, namely:—

(i) the compactness of the remaining area and the configuration appropriate for working the mine in a workmanlike manner;

(ii) the conservation of minerals.

(11) The Controller shall give notice of the proposed modifications or alterations to the lessee and the lessor and shall call upon them to show cause why such modifications and alterations should not be made.

(12) Where the party or any of them appear before the Controller in pursuance of a notice issued under sub-rule (11), the Controller, after giving the parties or party, as the case may be, an opportunity of being heard and after making such further inquiry as he may deem fit, may, after consulting the State Government concerned, make an order that the existing mining lease shall stand modified in the manner specified in the order.

(13) Where none of the parties appear before the Controller in pursuance of a notice issued under sub-rule (11), the Controller shall make an order that the existing mining lease shall stand modified in accordance with the proposals made by him.

7. **Power of revision of the Central Government.**—(1) The Central Government may of its own motion or on the application of any interested person call for the record of any proceedings in which the Controller has passed any order under sub-rule (2) of rule 4 or sub-rule (12) or sub-rule (13) of rule 6 for the purpose of satisfying itself as to the legality or propriety of any such order and may pass such order in relation thereto as it thinks fit.

(2) Every application under this rule for the revision of any such order of the Controller shall be made within sixty days of the date of the order sought to be revised:

Provided that the Central Government may entertain any such application after the expiry of the said period of sixty days if it is satisfied that the applicant was prevented by sufficient cause from filing the application in time.

(3) The Central Government may, pending its final decision in the matter under this rule, suspend the operation of any order passed by the Controller under sub-rule (2) of rule 4 or sub-rule (12) or sub-rule (13) of rule 6.

8. **Furnishing of copies of final order and publication in Gazette.**—A copy of every order made under these rules modifying or altering the terms and conditions of an existing mining lease shall be furnished free of cost to the lessee and the lessor and to any other interested person, and shall also be published in the Official Gazette of the State in which the mine to which such lease relates is situated.

9. **Payment of compensation in certain cases.**—Where any modification or alteration made in an existing mining lease under these rules would benefit any party to the lease, there shall be paid by such party to the party who would thereby be adversely affected, compensation, the amount of which shall be determined in the manner and in accordance with the principles set out in rule 10:

Provided that no such compensation shall be payable unless the Controller is satisfied that the transaction relating to the existing mining lease was a *bona fide* one and was entered into in the ordinary course of business.

10. **Principles and manner of determining compensation.**—(1) The amount of compensation payable under rule 9 shall be determined in the following manner:—

(a) by agreement between the parties;

(b) if there is no such agreement, the amount of compensation shall be determined by the Controller holding such inquiry as he may deem fit and if the amount so determined is not acceptable to the person to whom the compensation is payable, the question shall be referred for decision to a Tribunal constituted by the Central Government

which shall consist of a single member who is, or has been, or is qualified for appointment as, a Judge of a High Court and the decision of the Tribunal shall be final.

(2) In determining the compensation payable under this rule, the Controller and the Tribunal shall have regard to the following matters, namely:—

(i) any reasonable and bona fide expenditure incurred by the lessee on any area excluded under rule 6, that is to say,—

(a) the proportionate cost of obtaining the lease attributable to that area;

(b) the expenditure or proportionate expenditure, if any, incurred in undertaking any prospecting operations in the area (i) for the preparation of maps, charts and other documents relating to the area, (ii) for the collection of cores or other mineral samples and due analysis thereof, (iii) for the preparation of any other relevant records or material, which the holder may produce before the Controller or the Tribunal, as the case may be;

(c) the expenditure or proportionate expenditure, if any, incurred in constructing roads or other essential works in the area, where such roads or works are in existence in usable condition;

(d) the expenditure or proportionate expenditure on any other operation carried out in that area and necessary for prospecting;

(ii) no compensation shall be payable in respect of the reduction of the term of the lease or any modification in the amount of royalty.

(3) In addition to the amount of expenditure referred to in sub-clause (i) of sub-rule (2), there shall in every case be paid in respect of the first five years since the expenditure was incurred, a sum equivalent to five per cent of such expenditure in respect of each such year plus a sum equivalent to four per cent of such expenditure in respect of each additional year after the said period of five years:

Provided that in no case shall the total sum payable under this sub-rule exceed 50 per cent of the total amount of such expenditure.

Explanation.—In computing the number of years for the purpose of this sub-rule, any part of a year less than six months shall be ignored and any part of a year exceeding six months shall be reckoned as one year.

(4) The compensation determined with reference to clause (b) of sub-rule (2)(i) shall not be paid unless the party to whom the compensation is payable has delivered to the party by whom the compensation is payable all maps, charts and other documents referred to in that clause.

(5) Where there is any dispute as to the person or persons who are entitled to the compensation, the Controller or the Tribunal, as the case may be shall decide the dispute, and if it is found that more than one person are entitled to compensation, the amount of the compensation shall be apportioned among such persons.

11. **Interest on compensation.**—Any compensation payable under these rules shall be due as from the date of the final order made under rule 10 and shall carry interest at the rate of 2½ per cent per annum from the date of such order.

12. **The Tribunal to have certain powers of Civil Courts.**—The Tribunal constituted under rule 10 shall for the purpose of determining compensation under these rules have all the powers of a civil court while trying a suit under the Code of Civil Procedure, 1908 (Act V of 1908) in respect of the following matters namely:—

(a) summoning and enforcing the attendance of any person and examining him on oath;

(b) requiring the discovery and production of any documents;

(c) receiving of evidence on affidavit;

(d) requisitioning any public record from any court or office;

(e) issuing commissions for examination of witnesses.

N.S.

13. **Power of Controller to obtain information.**—The Controller may for the purpose of exercising the powers conferred upon him by these rules by order require a lessee or lessor to produce before him any books of accounts or other documents relating to an existing mining lease which may be in his possession or power.

14. **Power of Controller to enter and inspect any mine.**—The Controller may enter and inspect any mine for the purpose of determining whether, and if so, in what manner an order under these rules modifying or altering the terms and conditions of an existing mining lease relating to such mine may be made under these rules.

15. **Service of Notice or order.**—Every notice or order issued or made under these rules shall—

(a) in the case of any notice or order of a general nature or affecting a class of persons be published in the Gazette of India;

(b) in the case of any notice or order affecting any corporation or firm be served in the manner provided for the service of summons in rule 2 of Order XXIX or rule 3 of order XXX, as the case may be, in the First Schedule to the Code of Civil Procedure, 1908 (Act V of 1908); and

(c) in the case of any notice or order affecting an individual person (not being a corporation or firm) be served on such person—

(i) by delivering or tendering it to that person, or

(ii) if it cannot be so delivered or tendered, by delivering or tendering it to any officer of such person or any adult male member of the family of such person or by affixing a copy thereof on the outer door or on some conspicuous part of the premises in which that person is known to have last resided or carried on business or personally worked for gain; or

(iii) by registered post.

16. **Mode of recovery of compensation.**—The amount of any compensation payable under these rules may on a certificate issued by the Controller, be recovered in the same manner as an arrear of land revenue:

Provided that where any such compensation is payable by the Government, the amount of such compensation may, on application made to the civil court having jurisdiction, be recovered as if that court had passed a decree for such amount.

17. (1) If any person

(a) refuses or fails—

(i) to furnish a return as provided in rule 5; or

(ii) to restore possession of any mine in accordance with the terms and conditions of an existing mining lease as modified under these rules; or

(iii) to produce any books of accounts or other documents in compliance with an order made under rule 13; or

(b) obstructs the lawful exercise of any power conferred by these rules he shall be punishable with imprisonment which may extend to six months or with fine which may extend to one thousand rupees or with both.

(2) If any person makes any statement in any return furnished under rule 5 which he either knows, or has reason to believe to be false or which he does not believe to be true, he shall be punishable with imprisonment which may extend to six months or with fine which may extend to one thousand rupees or with both.

THE SCHEDULE

(*See* Rule 5)

To use in respect of each lease or sub lease

Name of Lessee or sub-lessee

Status ....

....

....

Address

Date on which the lease or sub-lease was granted.

Location of the area leased.

Minerals for which the lease or sub-lease has been granted.

Period of the lease or sub-lease.

Royalty stipulated in the lease or sub-lease.

Dead rent stipulated in the lease or sub-lease.

Surface rent stipulated in the lease or sub-lease.

Royalty paid during each of the previous three years.

Rs. ....
Rs. ....
Rs. ....
Total ....

Dead rent paid during each of the previous three years.

Rs. ....
Rs. ....
Rs. ....
Total ....

Surface rent paid during each of the previous three years.

Rs. ....
Rs. ....
Rs. ....
Total ....

Date and amount of salami paid, if any.

Any other payment stipulated in the lease or sub-lease.

Place of registration of the lease or sub-lease.

I declare that to the best of my knowledge and belief the information given in the above statements in this return is correct and complete, and that the copy of the lease or sub-lease enclosed with this Return is a true copy.

[No. MII-176(3)/56.]

S.R.O. 2063.—In exercise of the powers conferred by section 5 of the Mines and Minerals (Regulation and Development) Act, 1948 (LIII of 1948), the Central Government hereby makes the following further amendments in the Mineral Concession Rules, 1949, namely:—

In the said Rules—

(1) after sub-rule (2) of rule 7, the following sub-rule shall be inserted, namely:—

"(3) Every application under sub-rule (1) shall be disposed of by the State Government within six months from the date of receipt of the application."

(2) after sub-rule (1) of rule 17, the following sub-rule shall be inserted, namely:—

"(I-A) Every application under rule 14 shall be disposed of by the State Government within nine months from the date of receipt of the application."

(3) after sub-rule (1) of rule 28, the following sub-rule shall be inserted, namely:—

"(I-A) Every application under rule 27 shall be disposed of by the State Government within nine months from the date of receipt of the application."

(4) in rule 57—(a) after sub-rule (1), the following sub-rule shall be inserted, namely:—

"(I-A) Where a State Government has failed to dispose of an application for the grant or renewal of a certificate of approval or prospecting license or a mining lease within the period prescribed therefor in these Rules, such failure shall, for the purpose of these rules, be deemed to be a refusal to grant or renew such certificate, license or lease, as the case may be, and any person aggrieved by such failure may, within two months of the expiry of the period aforesaid, apply to the Central Government for reviewing the case."

(b) in sub-rule (2), for the words, brackets and figure "under sub-rule (1)", the words "under this rule" shall be substituted;

(5) in rule 59, for the words "cancel the order of the State Government or revise it in such manner as the Central Government may deem just and proper", the words "cancel or revise the order of the State Government or pass such order as the Central Government may deem just and proper" shall be substituted.

[No. MII-152(59)/56.]

R. N. VASUDEVA, Dy. Secy.

MINISTRY OF PRODUCTION

ORDER

New Delhi, the 7th September 1956

S.R.O. 2064.—In exercise of the powers conferred by section 5 of the Essential Commodities Act, 1955 (10 of 1955), the Central Government hereby makes the following further amendments in the Order of the Government of India in the Ministry of Production, No. S.R.O. 1299, dated the 10th June, 1955, namely:—

In the Schedule annexed to the said Order,—

(1) for the entries in column (2) against Serial No. 5, the following entries shall be substituted, namely:—

"(i) Director of Industries and Deputy Secretary to Government, Punjab, Industries Department.

(ii) Director of Food and Supplies and Deputy Secretary to Government, Punjab, Food and Supplies Department.

(iii) Deputy Director Industries, Punjab, (Industrial Supplies).

(iv) Deputy Director Food and Supplies, Punjab.

(v) Industrial Supplies Officer, Punjab.

(2) for the entries in column (2) against Serial No. 6, the following entries shall be substituted, namely:—

"(i) All District Magistrates in the Punjab.

(ii) All District Industries Officers in the Punjab.

(iii) All District Food and Supplies Controllers in the Punjab.

(iv) All District Food and Supplies Officers in the Punjab.

(v) All Assistant Food and Supplies Officers in the Punjab";" and

(3) for the entries in column (2) against Serial No. 7, the following entries shall be substituted, namely:—

"(i) Senior Inspectors of Industries, Punjab

(ii) Junior Inspectors of Industries, Punjab

(iii) Sub-Inspectors Industries, Punjab

(iv) Inspectors Food and Supplies, Punjab

(v) Sub-Inspectors Food and Supplies, Punjab

(vi) Industrial Supplies Inspector (Headquarters), Punjab.".

[No. 18-CI(19)/56.]

P. N. DHIR, Under Secy.

MINISTRY OF COMMUNICATIONS

New Delhi-2, the 11th September 1956

S.R.O. 2065.—In exercise of the powers conferred by section 5 of the Indian Aircraft Act, 1934 (XXII of 1934), the Central Government is pleased to direct that the following further amendments shall be made in the Indian Aircraft Rules, 1937, the same having been previously published as required by section 14 of the said Act, namely:—

In Schedule II to the said Rules, in "Section E—Navigator's Licence", for paragraph 1, the following paragraph shall be substituted, namely:—

"1. Flying Experience—

(1) An applicant for a second class licence shall be required to produce evidence of having had at least 300 hours' air experience in aircraft engaged in cross-country flights.

(2) An applicant for a first class licence shall be required to produce evidence of having had at least 600 hours' air experience, not less than 100 hours of this being experience of navigation in the air in aircraft engaged in cross-country flights of which not less than 15 hours shall have been obtained by night.

(3) In this paragraph, the expression "air experience" means experience in the air as an operative member of the crew of an aircraft".

[No. AR/1937(23).]

[No. F.10-A/82-55.]

M. DAYAL, Dy. Secy.

(Posts & Telegraphs)

New Delhi, the 11th September 1956

S.R.O. 2066.—In exercise of the powers conferred by section 7 of the Indian Telegraph Act, 1885 (13 of 1885), the Central Government hereby makes, with effect from the 16th October, 1956, the following further amendment in the Indian Telegraph Rules, 1951, namely:—

In rule 430 of the said rules, in item II of the table below sub-rule (1), the following exchange shall be inserted below "Salem":—

"Sangli".

[No. R.3-82/55.]

H. C. SHARMA, Under Secy.

(Indian Posts and Telegraphs Department)

ORDER

New Delhi, the 11th September 1956

S.R.O. 2067.—In exercise of the power conferred by sub-section (3) of Section 21 of the Indian Post Office Act, 1898 (6 of 1889). The Director General hereby

makes the following amendment in his Order No. C.17-6/52 dated the 9th July, namely:—

In the said Order, for paragraph 23 the following paragraph shall be substituted, namely:—

"(23) The system of delivery of Postal articles in a bag which along with a lock and duplicate key shall be supplied by the renter, shall be available at any delivery post office, whether post box system is available there or not."

[No. C.17-6/52.]

R. P. SINGH, Director,
Postal Technical.

MINISTRY OF REHABILITATION

New Delhi, the 5th September 1956

S.R.O. 2068.—In exercise of the powers conferred by Sub-Section (1) of Section 3 of the Displaced Persons (Compensation and Rehabilitation) Act, 1954 (44 of 1954), the Central Government hereby appoints Shri O. P. Katyal, as Assistant Settlement Officer for the purpose of performing the functions assigned to such officer by or under the said Act, with effect from the date he took charge of his post.

[No. 7/26/56-SII(Pt. II).]

KULWANT SINGH, Under Secy.

MINISTRY OF LABOUR

New Delhi, the 6th September 1956

S.R.O. 2069.—In exercise of the powers conferred by sub-section (3) of section 5 of the Tea Districts Emigrant Labour Act, 1932 (22 of 1932), the Central Government hereby determines that the rate of Emigrant Labour Cess to be levied under the said section in respect of the entry into Assam of each assisted emigrant shall be rupees five for the year commencing on the 1st October, 1956, and ending on the 30th September, 1957.

[No. PL/1-1/9/56.]

New Delhi, the 7th September 1956

S.R.O.2070.—In exercise of the powers conferred by section 90 of the Employees' State Insurance Act, 1948 (34 of 1948), the Central Government hereby exempts each of the under-mentioned factories from all the provisions of the said Act for a further period of one year with effect from the dates mentioned against them :—

Factories belonging to the Central Public Works Department under the Ministry of Works, Housing and Supply.	Date from which exemption granted
1. The Electric Fans, Motors and Appliances Repair Shop, Barakhamba Road, New Delhi.	14-9-56
2. The Horticultural Tools and Implements Repair Shop, New Delhi	14-9-56
3. The Auto and General Repairs and General Machine Shop and Foundry, American Warehouse, Factory Road, New Delhi	14-9-56
4. The Desert Cooler, Refrigerator, Air Conditioning and Electric Repair Workshop, Barakhamba Road, New Delhi	14-9-56
Factories belonging to the Ministry of Communications.	
5. Electrical & Mechanical Workshop, Bombay	8-9-56
6. Radio Construction & Development Units of Civil Aviation Department, New Delhi.	8-9-56

[No.F. HI-6(106)/56.]

B. R. KHANNA, Under Secy.

New Delhi, the 7th September 1956

S.R.O. 2071.—Whereas it appears to the Central Government that the employers and the majority of the employees in relation to the factory of Messrs. Associated Industries Limited, Gogo Road, Bhavanagar, have agreed that the provisions of the Employees Provident Funds Act, 1952 (19 of 1952) should be made applicable to such factory;

Now, therefore, in exercise of the powers conferred by sub-section (4) of section 1 of the Employees Provident Funds Act, 1952 (19 of 1952), the Central Government hereby applies the provisions of the said Act to the said factory.

2. This notification shall be deemed to have come into force on the 1st day of June, 1956.

[No. PF.57(11)/56.]

R. C. SAKSENA, Under Secy.

New Delhi, the 7th September 1956

S.R.O. 2072.—In pursuance of section 8 of the Minimum Wages Act, 1948 (11 of 1948) and rule 3 of the Minimum Wages Central Advisory Board) Rules, 1949, made under section 29 of the said Act, the Central Government hereby nominates Shri C. N. Kirkus, the Imperial Tobacco Co. of India Ltd., Virginia House, 37, Chowringhee, Calcutta—16, to be a Member of the Central Advisory Board, appointed in the notification of the Government of India in the Ministry of Labour No. S.R.O. 1799, dated the 8th August 1956, in the vacancy caused by the resignation of Shri P. Graham, Resident Director, Imperial Tobacco Company of India Ltd., and makes the following amendment in the said notification, namely:—

Under the heading "Employer's representatives", for the entry "9. Shri P. Graham, Resident Director, Imperial Tobacco Company of India Ltd., Regal Building, Connaught Circus, New Delhi", the entry "9. Shri C. No. Kirkus, the Imperial Tobacco Co. of India Ltd., Virginia House, 37, Chowringhee, Calcutta 16", shall be substituted.

[No. LWI(I)-6(19)/56.]

New Delhi, the 10th September 1956

S.R.O. 2073.—In pursuance of sub-rule (2) of rule 5 of the Labour Officers (Central Pool) Recruitment and Conditions of Service Rules, 1951, the Government of India hereby recognise the institutions mentioned in column I below in respect of the degree or diploma in social work mentioned in the corresponding entry in column II for the purpose of the said sub-rule.

I	II
1. Any University in India established by law.	Any Degree or Diploma in Social Work granted by such University.
2. Tata Institute of Social Science, Bombay.	Diploma in Social Science Administration.
3. Kashi Vidya Pith, Banaras.	Degree of Master of Applied Sociology.

[No. LWI-21(2)/55.]

P. N. SHARMA, Under Secy.

New Delhi, the 10th September 1956

S.R.O. 2074.—In exercise of the powers conferred by sub-section (2) of section 1 of the Industrial Disputes (Amendment and Miscellaneous Provisions) Act, 1956 (36 of 1956), the Central Government hereby appoints the 17th day of September 1956, as the date on which the following provisions of the said Act shall come into force:—

Clause (d) of section 9;
Clause (b) of section 10;
Clauses (c) and (e) of section 14;
Sections 20 and 27; and
Clauses (a), (b) and (c) of section 32.

[No. LR.1(38)/56.]

F. M. NATHANIEL, Under Secy.

MINISTRY OF INFORMATION AND BROADCASTING

New Delhi-2, the 8th September 1956

S.R.O. 2075.—In exercise of the powers conferred by caluse (a) of section 6 of the Cinematograph Act, 1952 (XXXVII of 1952), the Central Government hereby directs that the film entitled "The Story of Bob and Sally" and its Trailer produced by the Social Guidance Enterprises, U.S.A., in respect of which "A" certificate No. 33 and "U" certificate No. 2326, dated the 19th June, 1951 respectively were granted by the Central Board of Film Censors to Messrs Western India Theatres Ltd., Bombay shall be deemed to be uncertified films in the whole of India.

[No. 12/41/53-FII/1.]

S.R.O. 2076.—In exercise of the powers conferred by caluse (a) of section 6 of the Cinematograph Act, 1952 (XXXVII of 1952), the Central Government hereby directs that the film entitled "Sins of the Fathers" and its Trailer produced by the Canadian Motion Picture Producers Ltd., Canada, in respect of which "A" certificate No. 95 dated the 25th February, 1954 and "U" certificate No. 10222 dated the 21st January, 1954 respectively were granted by the Central Board of Film Censors to Messrs Radiant Pictures, Calcutta, shall be deemed to be uncertified films in the whole of India.

[No. 12/41/53-FII/2.]

S.R.O. 2077.—In exercise of the powers conferred by clause (a) of section 6 of the Cinematograph Act, 1952 (XXXVII of 1952), the Central Government hereby directs that the film entitled "Because of Eve" and its Trailer produced by William Danials Becon, U.S.A., in respect of which "A" certificate No. 96 and "U" certificate No. 10455, dated the 1st March, 1954 respectively were granted by the Central Board of Film Censors to Messrs M. B. Billimoria & Son, Bombay, shall be deemed to be uncertified films in the whole of India.

[No. 12/41/53-FII/3.]

New Delhi-2, the 11th September 1956

S.R.O. 2078.—In exercise of the powers conferred by sub-section (2) of section 5 of the Cinematograph Act, 1952 (XXXVII of 1952), the Central Government hereby directs that the film entitled "Backlash" and its Trailer produced by M/s Universal International Films Incorporation, U.S.A., shall be deemed to be an uncertified film in the whole of India.

[No. 8/11/56-FC.]

ORDER

New Delhi, the 6th September 1956

S.R.O. 2079.—In pursuance of clause 2 of the directions issued under the provisions of each of the enactments specified in the First Schedule to the order of Government of India in the Ministry of Information and Broadcasting No. S.R.O. 945, dated the 28th April, 1955 the Central Government with previous approval of the Film Advisory Board, Bombay hereby certifies film specified in column 2 of the schedule hereto annexed, in all its language versions to be of the description specified against it in the corresponding entry of column 5 of the said schedule.

SCHEDULE

S. No.	Title of the Film	Name of the Producer	Source of Supply	Whether a scientific film or a film intended for educational purposes or a film dealing with news and current events or a documentary film.
1.	**Indian News Review No. 412.**	Government of India, Films Division, Bombay.	Government of India, Films Division, Bombay.	Film dealing with news and current events.

[No. 14/2/56-FD. App. 100.]

D. KRISHNA AYYAR, Under Secy.

MINISTRY OF FINANCE

RESOLUTION

New Delhi, the 4th September 1956

S.R.O. 2080.—The President hereby directs that the following amendment shall be made in the scheme of Workmen's Contributory Provident Fund as introduced in the Government of India late Finance Department Resolution No. F.33(3)-II/44, dated the 16th April, 1945, as amended from time to time, namely:—

In the said Resolution, in paragraph 2 clause (6) shall be omitted and clauses (7), (8) and (9) shall respectively be renumbered as clauses (6), (7) and (8).

[No. F.34(4)-EV/56.]

J. C. SEN, Dy. Secy

(Department of Economic Affairs)

New Delhi, the 31st August 1956

REPORT OF THE CENTRAL BOARD OF DIRECTORS OF THE RESERVE BANK OF INDIA FOR THE YEAR JULY 1, 1955—JUNE 30, 1956

S.R.O. 2081.—In accordance with Section 53(2) of the Reserve Bank of India Act, 1934, the Central Board of Directors submits to the Government of India the annual report on the working and accounts of the Bank for the 22nd year ended June 30, 1956.

DEVELOPMENTS IN THE ECONOMY

2. **A general retrospect.**—The year under review, which marked the close of the First Five Year Plan, recorded a further increase in the level of development expenditure. Once again, there was a substantial rise in industrial production. Agricultural production, however, would seem, on the provisional data available, to have declined to a slight extent as compared with the high levels of 1954-55 and 1953-54. In both those years, it will be recalled, the production was about 12 per cent higher than in 1952-53. Agriculture accounts for over 45 per cent of the national income; it follows that the relatively stationary level of agricultural production since 1953-54 has affected the rate of growth in spite of the big advance registered in the organised industrial sector.

3. National income is estimated to have risen by 18 per cent over the period 1951—56, thus showing a larger rate of increase than was originally anticipated. Much the greater part of the increase, however, occurred in the first three years of the Plan. It has been estimated that national income in real terms increased by only 1·3 per cent in 1954-55 as against a rise of 6 per cent in 1953-54.

4. Since 1953-54, while the real national product has shown only a modest increase, the stepping up of developmental expenditure has been accompanied by larger deficits in government accounts. There has at the same time occurred a rapid expansion of bank credit and money supply, which was particularly marked in 1955-56. Reflecting these trends in production and money supply, there was an almost continuous rise in prices during 1955-56, when the earlier decline of 1954-55 was reversed, particularly in respect of agricultural commodities.

5. However, the developments during the year under review may be appropriately viewed in a somewhat longer perspective. The principal economic indicators over the past five years broadly show that India has been able to combine in a substantial measure economic development with financial stability. Among the main features of this phase of economic growth may be mentioned the increasing outlays of the Plan, the gains in industrial and agricultural production, the balance in the external payments position as a whole, and a better flow of savings which imparted strength to the capital market. Apart from all these and contributing to the total result were the judicious fiscal and monetary policies pursued during this period.

6. The trend of prices in the country during 1955-56 may also be viewed in the wider context of economic trends abroad. In most countries, by early 1955, there was a re-emergence of inflationary forces, especially in Western Europe and America. Boom conditions during 1955 were on the whole more widespread and were probably more intense than any earlier experience of a similar kind. The

central problem was one of maintaining stability under conditions of full employment and, for most European economies, also of safeguarding external reserves. While flexible monetary and credit policies had been gradually re-established since about 1951 as an important means of maintaining financial and economic stability, during 1955 there was even greater reliance on them to check the inflationary trends. Besides discount rate changes and open market operations, selective credit restraints, directives to banks and variable cash reserve requirements have also played an important part. Further, fiscal and other more direct measures have been adopted for restraining investment and consumption expenditures. The limitations to the effectiveness of monetary and credit policies arose from the nature of the boom itself: it was not a boom mainly of inventory accumulation and speculative transactions but one arising principally from higher levels of consumption and investment in relation to output. The boom was also sustained in some countries by the high levels at which public investment, which did not respond to monetary policy, was maintained.

7. The above account of economic developments in India over a five-year period and of economic trends abroad by no means diminishes the need for a careful and continuous assessment of the current economic situation with a view to appropriate adjustments in the pace and pattern of planned development and in fiscal and monetary policies from time to time.

8. **Trends in production-in agriculture.**—The record level of agricultural output 1953-54 was followed by relatively stationary aggregate levels of production. The index of agricultural production, with 1949-50 as base year, was 114·1 in 1953-54, and 113·9 in 1954-55*; this, however, compared with 95·6 in 1950-51. The output of foodgrains in particular touched a relatively high level, at 68·7 million tons, in 1953-54; it decline to 65·8 million tons in 1954-55. The first Plan target for 1955-56 was 61·6 million tons. The outlook for 1955-56, on the basis of available estimates, indicates that production of coarse grains will be somewhat lower but that of rice and wheat will be satisfactory. Among commercial crops, the production of cotton and oilseeds in 1955-56 is expected to be lower than in the previous year, while the output of jute and sugarcane may be somewhat larger.

9. The revised foodgrains target of 81·5 million tons by 1960-61, accepted at the recent Conference of State Agriculture Ministers, represents a 25 per cent. increase over the current level or 65 million tons, as against a 15 per cent rise postulated in the Second Plan. If such an appreciable increase should be attained, it would make a significant contribution to stability in the economy against the inflationary repercussions of deficit financing.

10. **—and, in industry.**—Industrial production has been steadily on the upgrade during the last few years. During 1955-56, on the basis of data for the first ten months, the average index of industrial production (revised), with 1951 as base year, recorded a rise of 8 per cent over the corresponding period of the previous year. The rise has been shared by almost all major groups of industries, in the public as well as private sectors. The continuous rise in industrial production has been one of the heartening features of the Indian economy in recent years, and it may be expected that this process will be assisted forward with the broadening of the industrial base under the Second Five Year Plan.

11. **The problem of rising prices.**—The price situation during the year was characterised by an almost continuous uptrend, in contrast to the sharp decline in the previous year. The general index of wholesale prices, with year ended August 1939 as base, rose by 16·7 per cent from 345 at the end of June 1955 to 402 at the end of June 1956. In 1954-55 there had been a net decline of 10 per cent. The average for the year 1955-56 was only 2·2 per cent higher than that for 1954-55. The rise in prices has been reflected in living costs, the all-India working class consumer price index, with 1949 as base year, having recorded an increase from 93 in June 1955 to 103 in April 1956.

12. The price rise was not, however, general or uniform; it was mostly confined to agricultural commodities and semi-manufactures, the prices of industrial products remaining relatively steady. The rise in 'food articles' was the largest (30 per cent), the prices of almost all commodities in the group showing an increase. It may be recalled that it was precisely the groups 'food articles', 'industrial raw materials' and 'semi-manufactures' that experienced sharp declines in the previous year, so that the rise in prices during the year could be considered partly as a corrective to the previous fall. In fact, the various governmental measures that were taken in the latter half of 1954-55 to stabilise prices at reasonable levels

*The index for 1954-55 has since been revised to 116·4; the provisional index for 1955-56 is placed at 113·7.

themselves may have contributed to some extent to the subsequent rise. However, the continued price rise is attributable mainly to the decline in agricultural output, especially of foodgrains in 1955-56, larger exports of certain industrial raw materials, and an increase in demand resulting from the large increase in investment expenditure and rise in incomes. It is also probably partly stimulated by speculative influences. Governmental measures to curb the rise have included the banning of expo ts of foodgrains, and arranging for imports and releases to the market of substantial quantities of rice and wheat.

13. As regards the longer-term prospect, two sets of considerations have to be taken into account. On the one hand, the increase in developmental outlay met in part by deficit financing may be expected to exert an upward pressure on prices. On the other hand, there will be the important countervailing factor of increased agricultural and industrial production. A policy of maintaining buffer stocks, assisted by an extensive warehousing programme, should also help to moderate fluctuations in agricultural prices. Against the background of the recent rise in prices and with the prospect of deficit financing in the next few years, therefore, the attainment of a substantial increase in agricultural output, besides procurement of larger supplies of agricultural commodities from abroad, will acquire added significance. As already stated, continued vigilance and appropriate flexibility in fiscal and monetary policies will also be called for.

14. **Expanding money supply.**—The year witnessed a substantial monetary an credit expansion. Money supply with the public (excluding State Government deposits with the Reserve Bank) increased by Rs. 214 crores during the yes under review, or by 10·8 per cent, to a total of Rs. 2,191 crores. The net ıise ove the entire First Five Year Plan period (April 1951—March 1956) was also of about the same order, at Rs. 206 crores. This resulted from an initial phase of contraction to the extent of Rs. 214 crores in the first two years, followed by a progressive increase in the next three years by an aggregate of Rs. 420 crores. Of the increase in money supply during 1955-56, expansion in currency accounted for about four-fifths. The main expansionary factors were deficit financing by Government and the ıise in bank credit, the balance of payments impact being slightly contractionist. As has been noted earlier, reflecting the growing economic activity in the country, particularly the increasing developmental outlays on a wide front through the public sector, there is a modification in the seasonal pattern of changes in money supply; the contraction during the slack season is tending to be smaller, both relatively and absolutely, in comparison with the expansion in the busy season, the magnitude of which has been rising. The contraction during the 1955 slack season, for instance, was a nominal Rs. 3 crores, as against Rs. 77 crores in 1954 and Rs. 128 crores in 1953; on the other hand, the expansion during the 1955-56 busy season, though it set in somewhat later than is usual, was Rs. 264 crores, and may be compared with the busy season expansion of Rs. 222 crores in 1954-55 and Rs. 172 crores in 1953-54. In the 1956 slack season, however, the contraction has been much larger than in 1955, namely, Rs. 81 crores (upto August 10), though it is still substantially smaller than the expansion in the preceding busy season.

15. The rise in money supply has to be viewed in relation to the expansionary trends in production, industrial and agricultural, and the general level of economic activity. Besides, in an economy like India's where, under the impact of a major developmental effort, a steady extension of the boundaries of the money economy is under way, the level of money supply may be expected to show some rise relatively to national income, if price levels are to remain fairly steady. However, recently the rise in money supply has tended to outpace the rise in production levels and economic activity.

16. **—and, bank credit.**—Bank credit during the year recorded a sharp rise and contributed to a large expansion of money supply. Scheduled bank credit increased by Rs. 149 crores over the year to Rs. 759 crores as compared to a ris of Rs. 60 crores in 1954-55. On the other hand, net deposit liabilities of scheduled banks increased much less than bank credit during the year, by Rs. 98 crores. The higher level of banking activity during the year reflects largely the impact of growing economic activity under the Plan. The inadequacy of the rise in banks' resources was acutely felt in the busy season when scheduled bank credit expanded by Rs. 180 crores, whereas the net deposit liabilities increased by only Rs. 38 crores. Consequently, banks had to resort to larger borrowings from the Reserve Bank. During the busy season (mid-October 1955 to mid-May 1956), such borrowings increased by Rs. 67 crores, of which Rs. 46 crores were under the Bill Market Scheme. Borrowings outsetanding at the end of the year were Rs. 53 crores or Rs. 36 crores higher than a year before.

17. **Bill Market Scheme.**—It was stated in last year's Report that the Bill Market Scheme had begun to impart greater elasticity and autonomy to the Indian money market; a further development in this direction during the year under review was the greater interest evinced by the exchange banks in the facilities available under the Scheme; a factor making for this is, of course, the higher cost of borrowing abroad. In the light of the marked progress made by the Scheme since its introduction in January 1952 and the rise in deposits and investments of scheduled banks, the Bank raised, with effect from March 1, 1956, its lending rate under Section 17(4)(c) of the Reserve Bank of India Act from 3 to 3½ per cent. From the same date the concession in respect of the stamp duty was withdrawn.

18. **Credit policy.**—While general credit policy remained substantially unaltered except for the small advance in the bill market rate, the more recent trends in bank credit and prices have also prompted greater vigilance against possible growth of speculative activity. Accordingly, with a view to bringing bank accommodation for financing trade in important commodities, as also in shares and debentures, under close observation, the Reserve Bank issued on April 4, 1956 a circular to all scheduled banks and two State-associated non-scheduled banks calling for fortnightly returns of advances. The monthly statements of advances, which were being received prior to this circular, revealed that banks' advances against paddy and rice had shown an unhealthy increase over the year to March 1956; therefore, on May 17, 1956, the Bank issued a circular letter to all scheduled banks and two State-associated non-scheduled banks impressing upon them the need to refrain from excessive lending against commodities and also from assisting speculative hoarding of stocks. They were directed not to increase any credit limits in respect of advances against the security of paddy and rice or sanction any fresh credit limit in excess of Rs. 50,000 in respect of such advances, and to increase the existing margin in respect of the limits and advances by an amount not less than 10 per cent of the value of these commodities. Scheduled banks were further requested to endeavour to reduce their aggregate advances against paddy and rice to a level not exceeding 25 per cent above that prevailing at the corresponding time in the previous year

19. The returns of advances as of June 29, 1956 indicate that the advances of scheduled banks against paddy and rice, which stood at Rs. 26 crores on April 27 and Rs. 25 crores on May 11, 1956 had declined to Rs. 15½ crores. The decline was 41 per cent over two months as compared to 9 per cent in 1955 as well as in 1954. The level of advances was still higher than in the previous year by 52 per cent (as against 120 per cent before the issue of the directive—on May 11, 1956), but exceeded the 1954 level by 21 per cent only. The banking system co-operated fully in carrying out the specific terms of the directive, though the need for caution in lending remains.

20. **Government finances.**—The rising scale of investment outlays under the Plan and increasing deficit-financing of Government expenditure, has been the other main expansionary factor at work in the economy. Plan outlays had moderately risen from Rs. 259 crores in 1951-52 to Rs. 273 crores in 1952-53 and Rs. 340 crores in 1953-54, or a total of Rs. 872 crores in three years. There was a substantial stepping up subsequently to about Rs. 475 crores in 1954-55 and Rs. 600 crores in 1955-56. During the five years 1951—56, the combined deficit of the Central and State Governments, as measured by the actual net addition to the Treasury bill holdings of the Reserve Bank and the draft on Government cash balances, would have been somewhat less than Rs. 400 crores; of this, deficit of about Rs. 100 crores and Rs. 160 crores are estimated to have been incurred in the last two years of the Plan. Even in the last two years, the deficits have, in fact, been smaller than the budget estimates, mainly on account of a shortfall in Plan outlays as compared to the original provision. Developmental outlay in 1956-57 under the Second Plan may be placed at about Rs. 750 crores—an increase of Rs. 150 crores over 1955-56—which is reflected in a larger estimated deficit at Rs. 356 crores for the Centre.

21. The aggregate tax revenue of Central and State Governments was Rs. 635 crores in 1950-51 (pre-Plan base year) and formed 6·5 per cent of national income; in 1955-56 aggregate tax revenue was of the order of Rs. 735 crores (adjusted for the increase in land revenue since 1950-51 attributable to zamindari abolition for which there is offsetting expenditure), which may constitute a slightly higher proportion of national income; this proportion is to rise significantly under the Plan.

22. **Resources for the Second Plan.**—The estimate of financial resources for an aggregate Plan outlay of Rs. 4,800 crores in the public sector during the Second

Plan period leaves a gap of Rs. 400 crores, after taking into account budgetary resources of Rs. 2,400 crores that can be raised by Central and State Governments through taxation, borrowings and other receipts, external resources amounting to Rs. 800 crores and projected deficit financing of Rs. 1,200 crores. It has been stated that this gap would also be largely filled by taxation. The projected level of Plan outlays in the public sector under the Second Plan, averaging Rs. 960 crores a year, would involve a considerable increase in tax effort of the Central and State Governments and the fullest mobilisation of private savings through various borrowing schemes.

23. **Loans and Small Savings.**—Aggregate net market borrowings during the First Plan period have exceeded the Plan target of Rs. 115 crores by Rs. 62 crores. In fact, taking into account the sales of securities effected in recent years from the cash balance investment accounts of Central and State Governments and by the Reserve Bank from its portfolio, the net absorption of securities by the market during the five years of the First Plan has been even larger, being of the order of Rs. 250 crores. During the first few months of this period, there had in fact been net purchases by the Bank. The dis-inflationary implications of the Bank's new monetary policy since mid-November 1951 are brought out by the fact that during the period December 1951 to March 1956 there were net sales of Rs. 46 crores of government securities to the public on the Bank's account, as against net purchases of securities of Rs. 210 crores during the period January 1948 to November 1951.

24. Total small savings collections of Rs. 235 crores have also shown an improvement of Rs. 10 crores over the original Plan estimate. These results partly reflect the cautious approach of the First Plan estimates which were based on the experience of the difficult years preceding it. On the experience, in particular, of the sustained improvement in market loans as well as small savings since 1953-54, and taking into account the much larger requirements of the Second Plan, net borrowings from the public during the five years 1956—61 have been placed at Rs. 1,200 crores, comprising broadly Rs. 700 crores from market loans and Rs. 500 crores in small savings. A borrowing target of this order would require a vigorous drive. The borrowing operations would doubtless be facilitated by the substantial measure of deficit financing that is contemplated. However, since all the Plan estimates are based on the assumption of constant (1955-56) prices, the borrowing programme, like the taxation programme should be more appropriately considered apart from the influence of budgetary deficits.

25. The technique of market borrowings for the Central and State Governments is being continuously reoriented to fit in, on the one hand, with the greatly increased requirements for developmental expenditure and, on the other, with the changing conditions of the market. Accordingly, in 1954-55 the expedient was tried of raising a combined loan for Central and State Governments which was kept on tap for nearly five months and for which every effort was made to harness popular enthusiasm. Though the results seemed satisfactory in that the total amount subscribed to the 3½ per cent National Plan Loan, 1964 amounted to Rs. 158 crores, the injection into the market of such a large amount in the form of one security had its inevitable repercussion on its price; the loan immediately went to a discount and remained depressed for a long time, the quotation having receded at one time to Rs. 97-11 against the issue price of Rs. 98-8. During the year under review, therefore, it was decided to revert to the normal practice of first issuing a Central loan and then the loans of the various State Governments. Accordingly, the 3½ per cent National Plan Bonds—Second Series—1965, for the Central Government was floated on July 1, 1955 at an issue price of Rs. 98-8 giving a redemption yield of 3·68 per cent. Conversion facilities were offered to the holders of 2½ per cent loans 1955 and 4½ per cent loan, 1955—60. The loan was closed on July 4, 1955 on being fully subscribed, the total subscriptions amounting to Rs. 104 crores, out of which conversions accounted for Rs. 53 crores. The compensation which was payable to the shareholders of the Imperial Bank of India in the form of government securities was also paid in this loan from the contributions made in cash to this loan by the Reserve Bank and such sales of these securities as were made were easily absorbed by the market.

26. Subsequently, in mid-August, loans for ten States were issued. While maintaining the interest rate at 4 per cent as in the case of the previous State issues made in 1953-54, the period of the loans was increased from 10 to 12 years and the issue prices ranged from Rs. 100 to Rs. 99 depending on the quotations for the existing loans. The aggregate amount for which the loans were issued was Rs. 35·75 crores and it was proposed to keep the loans open for a fortnight. They were, however, so heavily over-subscribed that the lists had to be closed, in most

cases, within two days, the aggregate subscriptions amounting to Rs. 51·34 crores In accordance with the provisions of the loan notifications, an amount of Rs. 42·27 crores only could be allotted. Since there was a considerable unsatisfied demand from the public for these loans and the States themselves needed more money, a second issue for 7 States was made for a further Rs. 11·75 crores for which also the subscriptions received were much in excess, having amounted to Rs. 16·43 crores out of which Rs. 12·79 crores were allotted. Thus, the total amount raised through State loans was Rs. 55 crores and aggregate for Central and State loans came to Rs. 159 crores. Except for the loans of two or three States, which for sometime were quoted at a slight discount, all the new State loans maintained a stable price level. In fact, in subsequent months most of the loans appreciated in value owing to the keen demand from institutional investors. It would thus appear that the State loans have now acquired an established market and are no longer in the position they were two or three years ago, when it was difficult for purchasers of these loans to obtain them and for sellers to find buyers readily.

27. The technique of issuing a number of separate loans, which proved so successful during the year under review, has been further developed in the loans issued after the close of the year. For the Central Government itself instead of one loan of medium maturity three loans, *viz.*,

(i) a short-dated 6-year loan maturing in 1962 at 3¼ per cent,

(ii) a medium-term 11-year loan maturing in 1967 at 3½ per cent, and

(iii) a long-term 18-year loan maturing in 1974 at 3¾ per cent,

were floated at the issue prices of Rs. 98, Rs. 98-8 and Rs. 98-8, respectively. A total amount of Rs. 150 crores was fixed for all the three issues but no separate limits for individual loans were prescribed in order to give the fullest freedom to investors to exercise their choice and also to ascertain the preferences of the investing public and institutions in regard to the loans. Conversions of the 3 per cent Victory Loan 1957 accounted for Rs. 80·5 crores; cash subscriptions amounted to Rs. 77·2 crores, the total subscriptions being Rs. 157·7 crores.

28. The success of the Central and State Government loans issued during the year under review was, no doubt, partly due to the fact that at the time when these loans were floated the capital market was buoyant and there was a keen enquiry for investment from scheduled banks, which had experienced considerable accretion of deposits. It was this factor which contributed to the strength which the gilt-edged market continued to display upto about November 1955 After this a distinct change came over the share market, and the money market during the busy season became extremely stringent and continued to be so even upto the end of the year of Report. The gilt-edged market, however, continued to show remarkable stability and strength in spite of the extreme tightness of the money market and in contrast with the sharp fluctuations in the share prices. The index number of Government of India loans (1949-50—100) rose almost continuously from 90·7 in June 1955 to 91·1 in June 1956. The rise in price over the year in respect of individual loans ranged upto Rs. 3-4 in the case of the 3 per cent loan 1970—75. The non-terminable loans, however, recorded net declines owing to the operation of special factors.

29. **The capital market and new issues.**—The capital market maintained during the year the distinct improvement which had been noticed last year. There was brisk activity in new issues, and the equities market remained buoyant during the greater part of the year. Share values registered an almost continuous advance between July and November 1955, the Reserve Bank's index of variable dividend industrial securities rising from 114:3 for the last week of June 1955 to 131·9 by the closing week of November. Subsequently, a reaction occurred, the index dropping to 120·1 by the end of February 1956. The relapse was due to an element of unhealthy speculation in stock trading which had been taking place earlier, apprehensions regarding the 1956-57 tax proposals and fears of further measures of nationalisation following nationalisation of life insurance. The taxation proposals apparently proved to be less severe than had been apprehended. There was consequently some recovery, to 124·8 by the end of June 1956. The recovery was also assisted by the restatement in April this year of the Government's industrial policy objectives and methods and by expectation of substantial and increasing deficits for financing Plan outlays, which virtually ensure rising corporate profits; the published corporate accounts also continue to record improvement in earnings and dividends.

30. While precise and complete data regarding capital issues for the private sector are not available, the total of new issues amounting to Rs. 1 crore and over each was about Rs. 20 crores during 1955-56, as compared to about Rs. 16 crores in the previous year. The experience in regard to new issues and self-financing of new investment and replacements in recent years justifies a measure of confidence regarding the sources of financing of fixed capital investment in industry during the Second Plan period. To some extent, the resources available to the private sector from new issues and self-financing would be augmented by assistance from the various financial institutions set up by the State in recent years. It would remain necessary, however, to continue to pay the utmost attention to stimulating the flow of capital, foreign as well as domestic, into industry and to distribution of profits with due regard to the needs of the private sector for replacement, modernisation and expansion.

31. **Foreign trade and balance of payments.**—The overall balance of payments for the year as a whole (July 1955—June 1956) may show a deficit on current account, of the order of Rs. 20 crores, after taking into account receipt official grants, as against a surplus of Rs. 23 crores in the preceding year. The deficit during the year was the result of a surplus of Rs. 20 crores in the first nine months (July 1955—March 1956) for which data are available and an estimated deficit of about Rs. 40 crores in the last quarter (April—June 1956). The last quarter's deficit is partly due to seasonal factors. Foreign trade during the year was at a higher level than in the previous year, by about 6 per cent. During the first nine months of the Bank's accounting year for which data are available, the increase in imports, of nearly Rs. 50 crores, was larger than the rise in exports, of about Rs. 15 crores—so that the trade deficit widened. The rise in imports directly attributable to the expansion of developmental outlays, is significant in view of the sizeable fall of over Rs. 50 crores in the value of food imports during the period; Government's policy in regard to imports has been one of progressive but controlled liberalisation. Similarly, the small rise in exports, mainly under oils and raw cotton, has to be appraised against the rather sharp decline in the value of tea exports and lower earnings from jute and cotton textile exports. India's foreign exchange assets declined during the year by Rs. 3 crores to Rs. 781 crores.

32. During the First Plan period, the payments position on current account showed a net deficit of Rs. 27 crores, taking into account receipt of official grants aggregating Rs. 96 crores. The deficit was wholly associated with transactions in 1951-52, when there was a heavy deficit mainly accounted for by the unusually large food imports. Since 1952-53, there have been surpluses each year. When the First Plan was formulated in December 1952, it was thought that there might be an annual deficit in balance of payments of the order of Rs. 180—200 crores during the remainder of the Plan period. Actually, the position has been much better, chiefly on account of a large saving in food imports and a lower level of machinery imports than anticipated attributable to the shortfall in total Plan outlay particularly in the industrial sector. In the event, therefore, the withdrawal from sterling balances during the First Plan period has been about Rs. 140 crores, as against Rs. 290 crores originally envisaged. In view of the large requirements for imports of machinery and equipment during the Second Plan period, besides a draft of Rs. 200 crores on sterling balances, external assistance has been assumed at as high a level as Rs. 800 crores. Under the circumstances, the urgency of export promotion cannot be over-emphasized, though it would be idle to expect any spectacular results.

33. **The prospect.**—The main objectives of the Plan, within the wider progress to a socialist pattern of society, are stated to be a sizeable increase in national income which is expected to be of the order of 25 per cent, rapid industrialisation, with accent on development of basic and heavy industries, a large expansion of employment opportunities and reduction of inequalities in incomes and wealth. Considering the prevailing volume of unemployment and its social costs, increase in employment opportunities and their diversification are taken to be important objectives by themselves. While, appropriately enough, there is accent on labour intensive schemes in certain sectors, it is axiomatic that, in the longer run, the volume of employment can rise, and that of unemployment or under-employment diminish, only as a result of, and in broad relationship to, economic development.

34. If the Second Five Year Plan, so much bolder than the first, has on account of that very reason more and bigger problems to face, it also starts with the advantage that much experience has been accumulated and many gains have been consolidated. Not least among the results achieved by the First Plan is the overall economic and financial stability of the country since 1952. The stage is thus well set for the very considerable effort represented by the Second Plan. An important aspect of the total problem will be the devising of measures which, without unduly affecting price stability, will help to step up effectively both investment and savings on the one hand, and output and employment on the other.

35. The total investment in the economy, estimated to have been around Rs. 3,100 crores during the First Plan period, more or less equally divided between the public and private sectors, is planned to rise to Rs. 6,200 crores, the ratio of public to private investment shifting to approximately 60:40. As mentioned earlier, according to present estimates, deficit-financing during the five years 1956—61 would amount to Rs. 1,200 crores. The expansionary effect of this measure of deficit-financing on money supply will be partly neutralised by the withdrawal from sterling balances. The remaining net deficit and increase in bank credit, partly to be assisted by the Reserve Bank's own lending operations, would together lead to a considerable expansion in money supply.

36. If the targets of additional taxation and borrowing are achieved and the volume of deficit-financing mentioned above remains as the outside limit, there may not be a serious threat to financial stability, provided production, agricultural and industrial, expands at a satisfactory rate. The importance of an adequate increase in production, particularly of food and other essential articles like cloth, cannot be too strongly emphasised in this connection. A big rise in development expenditure would be reflected in additions to large numbers of small incomes and hence in a considerable increase in the demand for, and pressure on prices of, articles of mass-consumption like food and cloth. Such increase in demand might be directed in advanced industrialised communities to luxuries and semi-luxury articles, but in an under-fed and ill-clothed country such as ours there is likely to be a particularly heavy impact on the prices of essential commodities. These results are likely to occur even if there is a corresponding increase in taxation, as new or additional incomes will accrue to parts of the population whose demand for elementary necessities is high, while taxation will, in the main, reduce consumption of less essential commodities. The additional demand for consumer goods arising out of development expenditure will be the larger the bigger the gap between expenditure and tax and loan receipts *viz.*, deficit-financing.

37. It may be recalled that during the period of the First Plan, the targets of production of food and cloth have been far exceeded; nevertheless the production has been fully absorbed and there has been no glut of either commodity on the market. It is in this context that the recent attempts to shift the emphasis of the Plan to larger agricultural production assume special significance. For, if food is in fact produced on a somewhat larger scale than is contemplated under the Plan, that will, indeed, be a most desirable development; and it will improve further the balance of the structure of the Second Plan. But in finding the additional resources for agriculture it is necessary to ensure that the overall size of the Plan is not further increased for any such increase would impose an undue strain on the economy.

38. **Reserve Bank of India (Amendment) Bill, 1956.**—Keeping in view the requirements of monetary and credit policies in this context, important amendments have been proposed to the Reserve Bank of India Act, vesting the Reserve Bank with power to vary reserve requirements of scheduled banks. The Reserve Bank of India (Amendment) Bill, 1956, which was recently passed by Parliament, proposes to establish a system of flexible reserve ratios, giving the Bank the power to vary the cash reserves which scheduled banks have to maintain with the Reserve Bank between 5 and 20 per cent in the case of demand liabilities and between 2 and 8 per cent in the case of time liabilities as against the present ratios which remain fixed at 5 per cent and 2 per cent, respectively, under Section 42 of the Reserve Bank of India Act. The Bill also amends the currency reserve provision (Sections 33 and 37). It provides for a minimum holding of Rs. 400 crores in foreign securities and of Rs. 115 crores in gold in the Issue Department of the Bank; the existing requirement is that not less than 40 per cent of the assets of the Issue Department must consist of gold coin, gold bullion or foreign securities provided that the amount of gold coin and gold bullion is not at any time less than Rs. 40 crores in value, gold being valued for this purpose at the rate of Rs. 21-3-10 per tola. The amending Bill also provides for revaluing the gold holdings of the Bank at the rate agreed to by the International Monetary Fund, namely, Rs. 62-8 per tola (*i.e.* equivalent of $35 an ounce). Provision is made in the Bill to suspend temporarily the assets requirements in respect of foreign securities, provided that the amount of foreign securities, held in the Issue Department shall not at any time be less than Rs. 300 crores in value.

39. **State Bank of India.**—An important aspect of planned economic growth is the building up and strengthening of financial and credit institutions for mobilisation and channelling of resources. The active part which the Reserve Bank has

been playing in this process has been described in some detail in previous Reports. A significant development, which might well be regarded as opening a new chapter in the evolution of Indian banking, was the establishment of the State Bank of India on July 1, 1955. Reference was made in last year's Report to the main provisions of the Statute under which the Imperial Bank (with certain minor exceptions dictated by legal reasons and pertaining to branches in foreign countries) was transformed into the State Bank. The payment of compensation to the shareholders of the Imperial Bank was substantially completed within four months of the acquisition, and the bulk of the share capital of the new institution stands vested in the Reserve Bank.

40. Among the immediate objectives of the State Bank is a vigorous expansion of branches, the pace indicated in the Statute being 400 additional branches over a period of five years. As part of this programme, an initial list of 100 centres was approved by the Central Government, in addition to 51 centres remaining over from the older programme of the Imperial Bank. The preparation of further lists is in hand. The State Bank of India has opened 32 new branches during the first year of its existence. It may be recalled that, over a period of four years from July 1, 1951, the Imperial Bank had opened only 63 branches out of an approved list of 114 centres which it was to cover in five years. In regard to the opening of new branches which may be initially unremunerative, but khich are in the larger public interest as stimulating banking development, the State Bank is of course differently situated to its predecessor and indeed to any bank whose policies are circumscribed by a shareholding which is predominantly private. For, it was precisely in order to make specific provision for initial losses on unremunerative branches opened in the public interest, as also for other items of loss or expenditure broadly falling in the same category, that an Integration and Development Fund had been devised as a feature of the Statute governing the State Bank of India. Into this Fund are credited the dividends payable to the Reserve Bank on that part of its shareholding which is equal to fifty-five per cent. of the total issued capital of the State Bank; and further contributions can also, as and when necessary, be made by the Reserve Bank or the Central Government. There has already been credited to the Fund a sum of Rs. 24·75 lakhs, representing the dividend earned for the first six months on the appropriate portion of the shares held by the Reserve Bank.

41. Only the future can unfold the full significance of the State Bank of India for the country's economic development; a development which is intimately bound up, in both the public and private sectors, with the Second Five Year Plan. The establishment of the State Bank coincides with a crucial stage in that development. Its potentialities for growth and expansion are far beyond those at any time open to its predecessor. So too are the opportunities it has for mobilising resources and, without deviating from its orbit, of influencing their utilisation in a manner consonant with the objectives of the Plan. That the role of the bank *vis-a-vis* the private sector of commerce and industry will be one of undiminished usefulness and importance is clear from the assurances given on behalf of Government. Indeed, it may be expected that the importance of its role *vis-a-vis* both the sectors will, as time goes by, be greatly enhanced. With the programme of expansion enjoined on it and the framework of functions designed for it in the statute, there cannot be the least doubt that the State Bank will not merely continue to be the foremost commercial banking institution of the country, but will grow in size, stature and significance. Another aspect may be emphasized. The State Bank's charter is based on the axiom that there does not exist in essence, and need not obtain in fact, a contradiction between sound business principles on the one hand and the public interest on the other. The device already mentioned whereby the uneconomic part of the cost of branch expansion undertaken in the public interest is debited to a special fund provided by the State is only one of many examples of how a reconciliation can in practice be effected between the two sets of considerations involved. With mutual understanding, commonness of purpose and co-ordination of action—in other words with the fullest co-operation—between the Government of India, the Reserve Bank and the State Bank, there is little doubt that such a synthesis can be achieved and that the State Bank, complementing the functions of the Reserve Bank in an essential sphere, can emerge as a powerful instrument of public policy, including that of planned development, while at the same time maintaining the highest standards of commercial banking.

42. **Machinery for industrial finance.**—The institutional machinery for the provision of industrial finance and for facilitating industrial growth, both in the public and private sectors, briefly described in last year's Report, is becoming increasingly effective.

43. *The Industrial Finance Corporation of India* sanctioned loans aggregating Rs. 13·4 crores to 41 industrial concerns during the year ended March 31, 1956, as against Rs. 7·1 crores sanctioned to 23 concerns in the preceding year. *State Financial Corporations* were established under the State Financial Corporations Act, 1951, in two more States (Andhra and Orissa), raising their number to 13. Loans outstanding as at the end of March 1956 of the State Financial Corporations amounted to Rs. 2·76 crores. At the second conference of the representatives of the State Financial Corporations, which was convened by the Reserve Bank in November 1955, various practical problems were discussed with a view to increasing the usefulness of the Corporations and co-ordinating their activities with those of other lenders to small-scale industry such as the State Bank and other banks, commercial and co-operative, besides the Government themselves, Central and State, through their Bureaux and Departments of Industries. Effective co-ordination, it was felt, would not only help to pool resources and enlarge the volume of lending but also, from the point of the borrowing unit, eliminate the need to resort to a succession of credit institutions, short-term and long-term, for obtaining different kinds of loans. There was agreement at the conference that a few pilot schemes should be tried out in selected centres with a view to evolving a workable plan of co-ordination. It may be added that, on the initiative of the State Bank of India, which had been separately examining the question, such pilot projects have in fact been started since then. The centres selected are: Bombay, Surat and Kolhapur; Madras, Coimbatore and Vijayawada; Delhi, Agra and Ludhiana.

44. *The Industrial Credit and Investment Corporation of India Ltd.*, a privately sponsored institution which was established in January 1955 for assisting industries in the private sector, gave considerable attention during the year to underwriting capital issues. As at the end of 1955, out of its total assets amounting to Rs. 12·77 crores, Rs. 66 lakhs was in preference and ordinary shares of industrial concerns and another Rs. 10 lakhs in secured loans to industrial concerns against mortgages. This Corporation also may be expected to render increasing assistance to the private sector of industry hereafter.

45. *The National Industrial Development Corporation Private Ltd.*, was engaged during the year in conducting detailed investigations into various projects. Under the Second Plan, a provision of Rs. 55 crores is made for the activities of the Corporation; a part of this (tentatively placed at Rs. 22—25 crores) is to be utilised for assisting the modernisation of the cotton and jute textile industries, and the rest would be available for pioneering new basic and heavy industries.

46. *The National Small Industries Corporation Private Ltd.*, which was set up for the purpose of financing and promoting small industries, commenced working in September 1955 and has introduced a scheme of hire purchase for machinery and equipment needed by small industries.

47. It may be mentioned here that, in pursuance of one of the recommendations of the informal conference on rural finance convened by the Reserve Bank in February 1951, the Reserve Bank of India Act was amended in May 1953, to provide finance for such cottage and small-scale industries as are approved by the Bank's Central Board of Directors. The handloom weaving industry has been approved by the Board as one eligible for financial accommodation from the Bank under this provision, and finance is proposed to be made available through State co-operative banks, at a concessional rate of 1½ per cent. below the Bank Rate.

48. **Travancore-Cochin Banking Inquiry Commission.**—To study the special problems of banks in Travancore-Cochin State, in pursuance of the recommendations of the Bank Award Commission, the Government of India appointed the Travancore-Cochin Banking Inquiry Commission; the Commission has recently submitted its Report to Government.

49. **Reserve Bank and co-operative credit.**—In the sphere of agricultural finance, the Reserve Bank's efforts continue to be directed to the rehabilitation and revitalisation of the machinery of co-operative credit. Reference was made in the last Report to the publication of the General Report of the Committee of Direction of the All-India Rural Credit Survey, which constituted an important landmark in this connection. The integrated scheme of rural credit recommended by the Committee, together with its special feature of State partnership, has not only found ready acceptance but is in process of speedy implementation. The formation of the State Bank, already referred to, was only one of the many steps taken. Mention was made in last year's Report of the provisions embodied

in the Reserve Bank of India (Amendment) Act, 1955 for the setting up of the National Agricultural Credit (Long-term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund. The Reserve Bank constituted the former Fund on February 3, 1956, with an initial sum of Rs. 10 crores, and the latter Fund on June 30, 1956, with a contribution of Rs. 1 crore. The Bank's first annual contribution of Rs. 5 crores has also been made to the former Fund.

50. In so far as co-operative agricultural credit is concerned, the targets of the Plan are as follows as at the end of the second period of five years in terms of outstanding loans: Rs. 150 crores, short-term (as against Rs. 30 crores existing); Rs. 50 crores, medium-term (as against Rs. 10 crores existing); and Rs. 25 crores, long-term (as against less than Rs. 3 crores existing). The number of large-sized primary societies to be established during the Plan period is 10,400. It is further intended that 350 warehouses should be set up by the Central and State Warehousing Corporations. The number of primary marketing societies to be established is 1,800, and the godowns to be constructed by them 1,500. The projected outlay under the Second Plan on co-operative development is about Rs. 47 crores; in addition, a sum of about Rs. 25 crores required for State partnership in co-operative credit organizations at all levels is to be advanced by the Reserve Bank to State Governments from the National Agricultural Credit (Long-term Operations) Fund. The terms and conditions on which such advances are to be made from this Fund to State Governments were settled by the Bank in the light of the recommendations made at the fifth meeting of the Standing Advisory Committee on Agricultural Credit. That was in February 1956; and, during the few remaining months of the year under review, three States (Madras, Orissa and Andhra) were sanctioned loans amounting to Rs. 31·02 lakhs for the purpose.

51. As indicated above, the outstanding total of all types of co-operative credit is planned to be raised from a total of about Rs. 43 crores to one of Rs. 225 crores by 1960. Much of this expansion, it is hoped, will be effected by the co-operative system through an enlargement of its own deposits and other resources. But there is little doubt that the principal contribution will have to continue to come from the Reserve Bank itself. This contribution will be partly in the shape of loans to State Governments to enlarge the share capital of co-operative banks and societies. Moreover, on the strength of the increased share capital as well as of other relevant factors, such as greater efficiency through the employment of trained personnel, the State Co-operative banks and Central Co-operative banks will, it is expected, render themselves eligible for much larger loans from the Reserve Bank.

52. **Legislation for warehousing and co-operative development.**—Important among the ancillary recommendations calculated to strengthen the structure of rural credit, while at the same time subserving other objectives, are those which have since been embodied in the Agricultural Produce (Development and Warehousing) Corporations Act, 1956, a measure which has only recently been placed on the Statute Book. The Reserve Bank of India collaborated with the Ministry of Food and Agriculture at various stages in the preparation of this piece of legislation. Provision has been made for the grant of loans and advances by the Reserve Bank to the Warehousing Corporations established under the Act, through the inclusion of a new Clause (4 C) in Section 17 of the Reserve Bank of India Act. The loans and advances are of two types.

"(a) repayable on demand or on the expiry of fixed periods not exceeding ninety days, from the date of such loan or advance, against securities of the Central Government or of any State Government, or

(b) repayable on the expiry of fixed periods not exceeding eighteen months from the date of such loan or advance, against securities of the Central Government or of any State Government, of any maturity, or against bonds and debentures issued by the Corporation to which the loan or advance is made, and guaranteed by the Central or a State Government, and maturing within a period not exceeding eighteen months from the date of such loan or advance:

Provided that the amount of loans and advances granted under clause (b) shall not at any time exceed, in the aggregate, three crores of rupees in the case of the Central Warehousing Corporation and fifty lakhs of rupees in the case of a State Warehousing Corporation".

53. **Conference on problems concerning apex co-operative institutions.**—An important recommendation of the Standing Advisory Committee on Agricultural Credit was to the effect that, in the context of the re-organisation of States, the

Agricultural Credit Department of the Reserve Bank should study in advance the problems that would be set to the co-operative institutions, such as apex banks, of the States concerned, and help to solve the technical, financial, administrative and other problems of re-organisation which in due course would confront these institutions. The relevant aspects were accordingly studied in detail by the Agricultural Credit Department and an informal conference of the representatives of the appropriate Governments and institutions was convened in May 1956. The Conference formulated a series of principles of re-organisation on an agreed basis and set up four *ad-hoc* committees for different regions in order to work out detailed schemes of re-organisation, including division and amalgamation, for the State co-operative banks, central land mortgage banks etc. of the areas affected. The Committees are actively pursuing this work on the lines chalked out at the Conference.

54. **Financial accommodation to co-operative banks.**—During the year there was an increase in the scale of assistance provided by the Reserve Bank to State co-operative banks for financing seasonal agricultural operations and marketing of crops, at the concessional rate of two per cent. below the Bank Rate. Thus, 19 State co-operative banks were sanctioned limits aggregating Rs. 29·64 crores in 1955-56, as compared with Rs. 21·21 crores sanctioned to 15 banks in 1954-55. Some of the State co-operative banks such as those in Bihar, Coorg, and Madhya Bharat were granted credit limits for the first time, while certain others were sanctioned higher limits than in the past. Liberalisation of the criteria for fixing credit limits recommended by the Standing Advisory Committee also resulted in sanctioning higher credit limits to some banks, although its full impact on the volume of advances from the Bank will become evident only hereafter. The outstandings of Reserve Bank credit to State co-operative banks at the end of the year stood at Rs. 12·98 crores as against Rs. 8·11 crores at the end of last year.

55. It will be recalled that the Reserve Bank of India was enabled to provide medium-term accommodation to State co-operative banks for agricultural purposes under a new Sub-section (4A) added to Section 17 of the Reserve Bank of India Act in 1953. According to this Sub-section medium term loans could be provided upto an aggregate maximum limit of Rs. 5 crores. This restriction has since been removed by a further amendment in 1955 which provides for the grant of medium-term loans out of the National Agricultural Credit (Long-term Operations) Fund. In all, 10 State co-operative banks were sanctioned medium-term loans amounting to Rs. 1·40 crores during the period under review; nine of these banks were sanctioned medium-term credit limits for the first time. The fifth meeting of the Standing Advisory Committee held in January 1956 recommended that, of the total of the medium-term loans sanctioned by the Reserve Bank of India, not more than one quarter might be for a period of five years, while the balance could be for three years. The Reserve Bank has accepted this recommendation and has given effect to it in the case of medium-term credit limits fixed for the Andhra, Madras and Madhya Pradesh State Co-operative Banks.

56. **Inspection of co-operative banks.**—The system of inspection of co-operative banks by the Agricultural Credit Department of the Bank on a voluntary basis was continued during the year under review; 44 co-operative banks were inspected during 1955-56, of which 34 were central banks and 10 were apex banks. With the exception of the Madhya Bharat State Co-operative Bank, the first round of inspection of all apex banks which have been sanctioned credit limits by the Reserve Bank was completed during the current year.

57. **Co-operative training and education.**—Considerable progress was achieved in implementing the programme for co-operative training drawn up by the Central Committee for Co-operative Training constituted jointly by the Reserve Bank of India and the Government of India. The training of higher co-operative officials of State Governments and of Co-operative institutions was continued at the Co-operative Training College, Poona. About 40 senior officers are trained there every six months. For the intermediate personnel, the full complement of 5 centres has been reached with the commencement of two more centres during the year, one at Indore for the Central Zone and the other at Meerut for the Northern Zone, the other three centres being Poona, Madras and Ranchi. These five centres train about 225 co-operative officers of the intermediate level every year. The schemes relating to the training of senior officers and intermediate personnel are financed by the Reserve Bank. Eight training centres were organised for training the co-operative officers required for the National Extension Service Blocks. This was done in pursuance of a decision reached at the second meeting of the Central Committee. All the eight centres are now in session. The cost is met by the Government of India. The scheme for training the subordinate personnel of the Co-operative Departments and co-operative

institutions in the various States, to which a reference was made in the previous Report, was put into effect in 18 States; the cost of this scheme is shared by the Government of India and the State Governments on the recommendation of the Central Committee.

58. In order to meet the needs of the various States for certain specialised types of trained personnel in the context of programmes included in the Second Five Year Plan, the Committee felt that short-term courses in subjects like land mortgage banking, co-operative marketing, industrial co-operation, and warehousing should be organised. Accordingly, *ad-hoc* courses on co-operative marketing were organised at two of the Regional Training Centres, *viz.*, Poona and Meerut, as an experimental measure. A special course in land mortgage banking commenced at the Madras Regional Training Centre on June 1, 1956.

SUPERVISION OF COMMERCIAL BANKS

59. Besides the various steps taken to extend banking facilities, the Reserve Bank continued its efforts in the direction of strengthening the banking system through the enforcement of the provisions of the Banking Companies Act, 1949 and in other ways calculated to impart stability to the system.

60. **Licensing of banks.**—During the year under review, eleven banks were granted licences to carry on banking business in India under Section 22 of the Banking Companies Act, thus bringing the total number of banks which hold licences to 47. Several of these banks have been able to qualify for a licence on account of the improvement in their working as a result of the supervision exercised by the Reserve Bank through inspections, etc. There are, in addition, the State Bank of India and three other State-associated banks to which the provisions of Section 22 are not applicable. The deposits of the 47 banks which have been licensed so far and of the four banks referred to above which do not require a licence, account for over 90 per cent. of the total deposits of all scheduled and non-scheduled banks in India. As at the end of the year, the total number of functioning banks whose applications for a licence were pending with the Reserve Bank stood at 429, the deposits of which, as already indicated, represented only about 10 per cent. of the total deposits of all banks. Of these, as many as 402 are submitting periodical progress reports to the Reserve Bank and the delay in granting or refusing licences to these banks has been principally due to the Reserve Bank's desire to safeguard the interests of the depositors and to give as many banks as possible a fair chance to qualify for a licence.

61. **Inspection.**—In July, 1949 the Bank decided upon a policy of systematic periodical inspection of banking companies, and regular inspections were commenced in March, 1950. The purpose of inspections is to assist in raising the standard of working of individual banks, to remove the defects in the management and generally to tone up the banking system. The first round of inspections of practically all the reporting banks has been completed and the periodical re-inspection of banks has also been taken up. All banking companies whose books and records were available for inspection, numbering 455, have been inspected at least once; of these, 298 banks (68 scheduled and 230 non-scheduled) have been inspected more than once. During the year, 30 scheduled banks and 165 non-scheduled banks were inspected. Of these, 16 banks were inspected for the first time for ascertaining their eligibility for a licence to carry on banking business and 175 banks were re-inspected. Besides, the inspection of three State-owned/controlled banks (not coming within the purview of the Banking Companies Act) was carried out with a view to deciding their future set-up.

62. The inspection of banks has enabled the Reserve Bank to draw the attention of banks, particularly those which have not yet been granted a licence, to the irregularities and defects observed in their working. Periodical progress reports are obtained from banks whose inspections reveal undesirable features. Where the inspections indicate the need for stricter control over the affairs of the banks concerned, suitable conditions are imposed, such as appointment of Banking Advisers, restriction on unsecured advances, gradual reduction in the level of advances, etc. Although in some cases progress has been relatively slow, the banks have generally taken effective and expeditious steps to rectify the defects in their operations. They have come to realise that the inspections help to promote their own stability and the interests of their depositors and have, therefore, offered an increasing measure of co-operation.

63. **Exemptions.**—With a view to mitigating the difficulties experienced by banks, several exemptions from statutory obligations continued to be granted either generally to all banks or to groups of banks or to individual banks. These

exemptions related *inter alia* to provisions governing minimum capital requirements (Section 11) and maintenance of a certain percentage of liquid assets (Section 24).

64. **Remittance facilities.**—As a first step towards implementing the recommendation of the Shroff Committee, it was proposed to our agent banks, *viz.*, the State Bank of India, the Hyderabad State Bank and the Bank of Mysore Ltd., that facilities for free transfer of funds under Regulation 8(1)(b) of the Reserve Bank of India Scheduled Banks' Regulations should be provided *twice* a week instead of *once* a week and that similar facilities should also be made available to State co-operative banks. The three banks agreed to the proposal, and pending an amendment of Regulation 8(1)(b), all scheduled banks were advised that it was open to them to avail themselves of the facilities under that regulation twice a week instead of once a week with effect from the 1st November, 1955. In the meantime the Central Government were requested to give their sanction to amend the regulation in terms of Section 58 of the Reserve Bank of India Act. After the receipt of Government's sanction, the Central Board of the Bank, at their meeting held on the 19th December, 1955, amended the regulation accordingly. Four non-scheduled banks were included during the year in the approved list for the purposes of remittance facilities, while one non-scheduled bank was excluded.

65. During the period under review, 23 banks—9 in Travancore-Cochin, 6 in Bombay, 2 in U.P. and one each in Punjab (I), Saurashtra, Hyderabad, Madras, Mysore and West Bengal—went into liquidation. Of these, 10 were ordered to be wound up by the Courts and the rest were wound up voluntarily.

66. During the year under review, two banks applied for inclusion in the Second Schedule to the Reserve Bank of India Act; these applications, as also four earlier ones, are under consideration. No bank was excluded from the Second Schedule during the year, nor was any bank inspected during the year specifically for determining its eligibility to be retained in the Schedule. 34 new offices were opened during the year at places which were not formerly served by commercial banks, raising the total number of offices of scheduled banks in the Indian Union to 2,909 as at the end of the year.

67. Reference was made in last year's Report to the inauguration of the Bankers Training College in September, 1954 to impart training in practical banking to the supervisory staff of commercial banks in the country. The College since its inception has completed nine courses of training, each of eight weeks duration, and has so far trained 210 bank officials drawn from different parts of the country. Encouraged by the response which the College has evoked from banks, the Advisory Council of the College has recommended that the College should be placed on a permanent basis; the matter is under the consideration of the Bank.

ACCOUNTS AND OTHER MATTERS

68. **Annual accounts.**—During the year under review, the Bank's income, after making statutory and other appropriations, amounted to Rs. 25·45 crores and expenditure, which includes the expenses of administration and provision for sundry liabilities and contingencies, to Rs. 5·45 crores. The net profit available for payment to the Central Government in terms of Section 47 of the Reserve Bank of India Act was Rs. 20·00 crores—the same as in the preceding year.

69. Out of the Bank's income this year, a sum of Rs. 15 crores was transferred to the National Agricultural Credit (Long-term Operations) Fund and Rs. 1 crore to the National Agricultural Credit (Stabilisation) Fund in terms of Sections 46A and 46B of the Reserve Bank of India Act, 1934 (II of 1934). It was possible to make these contributions and also maintain the surplus profit payable to Government at the same figure as last year due to a substantial increase in earnings under the head "Discount". The increase is accounted for partly by the higher rate of discount earned on Sterling Treasury bills and partly by the discount earned on *ad hoc* Treasury bills created during the year for replenishing Central Government's cash balances with the Reserve Bank.

70. Expenditure also rose during the year by Rs. 43·48 lakhs, mainly under 'Establishment' and 'Agency Charges'. The increase under 'Establishment' (Rs. 15·91 lakhs) was due, among other things, to the expansion of the Agricultural Credit Department and the Department of Banking Development in connection with the implementation of the recommendations of the Committee of Direction of the All-India Rural Credit Survey. The increase in expenditure under 'Agency Charges' (Rs. 15·59 lakhs) was mainly due to payment of higher commission to the State Bank of India on account of increased Government turnover at its branches especially at the new branches opened after June 30, 1951, in respect of which commission is payable at the enhanced rate of 1/16 of 1 per cent. It is also partly due to enlarged transactions under the Remittance Facilites Scheme.

71. **Auditors.**—The Accounts of the Bank have been audited by Messrs. S. B. Billimoria and Co. of Bombay, Messrs. P. K. Ghosh and Co. of Calcutta and Messrs. Sastri and Shah of Madras, who were appointed by the Government of India as auditors of the Bank by Notification No. F.3(40)-F I/55, dated October 8, 1955, issued in exercise of the powers conferred by Section 50 of the Reserve Bank of India Act.

72. **Compensation to shareholders.**—As at the end of June 1956, the total number of shares of the Reserve Bank of India tendered for payment of compensation, consequent on the nationalisation of the Bank on January 1, 1949, was 4,87,458 of which 935 shares were tendered during the year under review. The total compensation paid upto the end of June 1956 in the form of the 3 per cent. First Development Loan, 1970-75 amounted to Rs. 5·41 crores and in the form of cash to Rs. 35·35 lakhs.

73. **Composition of Central Board.**—Shri B. Venkatappiah, whose appointment as Deputy Governor was notified by the Union Government on June 10, 1955 assumed charge as the third Deputy Governor of the Bank on July 1, 1955.

74. Shri Ram Nath, whose term of office as Deputy Governor was due to expire on July 8, 1956, has been reappointed by the Union Government as Deputy Governor for a further period of three years, with effect from July 9, 1956.

75. Sarvashri J. R. D. Tata and B. D. V. Ramasawmy Naidu retired as Directors of the Central Board of the Bank on January 14, 1956 consequent on the expiry of their term of office. The vacancies were filled by the Union Government by the renomination of Shri J. R. D. Tata and the nomination of Shri Bikkani Venkataratnam as Directors in terms of Section 8(1)(c) of the Reserve Bank of India Act.

76. The Union Government nominated Shri H. M. Patel, I.C.S., to be a Director of the Central Board under Section 8(1)(d) of the Act in place of Shri D. L. Mazumdar, I.C.S., with effect from July 1, 1955.

77. **Local Board.**—The Central Board regret to record the death of Shri J. K. Mitter and Shri Peary Mukherjee, Members of the Eastern Area Local Board, on September 16, 1955 and April 13, 1956, respectively. In December 1955, the Central Board nominated Shri D. N. Mittra to be a Member of the Eastern Area Local Board in place of the late Shri J. K. Mitter.

78. **Meetings of the Central Board and its Committee.**—Seven meetings of the Central Board were held during the year, of which four were in Bombay and one each in Madras, Calcutta and New Delhi. The Committee of the Central Board held fifty-one meetings, of which two were in Calcutta, one in Madras and the rest in Bombay.

79. **Opening and closing of offices or branches of the Reserve Bank of India.**—During the year, a sub-office of the Issue Department, Bombay, was opened at Hyderabad (Deccan) on March 5, 1956. The Note Cancellation Section at Allahabad was closed from November 1, 1955.

80. **Bank's premises.**—The construction of residential quarters at Nagpur to accommodate 120 families of the supervising and clerical staff of the Bank was commenced during the year and is expected to be completed towards the close of 1957. The Bank's new office buildings at Delhi and Nagpur, it is expected, will be completed shortly.

By Order of the
Central Board of Directors,
B. RAMA RAU,
Governor.

RESERVE BANK OF INDIA

Balance Sheet as at June 30, 1956

ISSUE DEPARTMENT

LIABILITIES			ASSETS		
	Rs. a. p.	Rs. a. p.		Rs. a. p.	Rs. a. p.
Notes held in the Banking Department . .	28,26,57,173 8 0		A. Gold Coin and Bullion :—		
			(a) Held in India	40,01,70,843 9 5	
			(b) Held outside India . .	Nil	
Notes in circulation . . .	1474,67,17,347 8 0		Foreign Securities	646,55,03,760 10 7	
			Total of A .		686,56,74,604 4 0
Total Notes Issued		1502,93,74,521 0 0	B. Rupee Coin . .		107,68,61,604 6 4
			Government of India Rupee Securities . .		708,68,38,312 5 8
			Internal Bills of Exchange and other Commercial paper . . .		*Nil.*
Total Liabilities Rs.		1502,93,74,521 0 0	Total Assets Rs. .		1502,93,74,521 0 0

Ratio of Total of A to Liabilities : 45·682 per cent.

BANKING DEPARTMENT

LIABILITIES	Rs.	a.	p.	ASSETS	Rs.	a.	p.
Capital paid-up	5,00,00,000	0	0	Notes	28,26,57,173	8	0
Reserve Fund	5,00,00,000	0	0	Rupee Coin	6,15,518	0	0
National Agricultural Credit (Long-term Operations) Fund	15,00,00,000	0	0	Subsidiary Coin	4,46,209	0	5
				Bills Purchased and Discounted :—			
National Agricultural Credit (Stabilisation) Fund	1,00,00,000	0	0	(a) Internal	2,00,000	0	0
				(b) External	Nil		
				(c) Government Treasury Bills	8,33,52,586	10	5
Deposits :—				Balances held abroad*	38,52,13,234	11	3
(a) Government—				Loans and Advances to Governments	2,36,75,000	0	0
(1) Central Government	56,82,18,433	11	11	Other Loans and Advances	69,68,41,629	2	11
(2) Other Governments	13,17,17,768	10	2	Investments	37,32,62,725	14	0
(b) Banks	54,49,18,899	15	9	Other Assets	8,06,28,706	8	5
(c) Others	13,07,80,926	15	5				
Bills Payable	5,31,81,083	1	9				
Other Liabilities	23,80,75,671	0	5				
Total Liabilities Rs.	192,68,92,783	7	5	Total Assets Rs.	192,68,92,783*	7	5

*Includes Cash and Short-term Securities.

B. RAMA RAU,
Governor.

C. S. DIVEKAR,
Chief Accountant.

K. G. AMBEGAOKAR,
Deputy Governor.

Dated July 16, 1956.

RAM NATH,
Deputy Governor.

B. VENKATAPPIAH,
Deputy Governor.

RESERVE BANK OF INDIA

PROFIT AND LOSS ACCOUNT

	FOR THE YEAR ENDED								
	June, 30, 1956			June 30, 1955			June, 30, 1954		
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
INCOME									
Interest, Discount, Exchange, Commission, etc.	25,44,50,866	6	6	25,01,05,550	5	6	21,93,92,640	4	7
EXPENDITURE									
Establishment	2,98,18,723	13	9	2,82,28,344	14	10	2,48,76,647	5	5
Directors' and Local Board Members' fees and expenses	69,461	6	0	79,912	3	0	60,271	14	0
Auditors' fees	22,500	0	0	22,500	0	0	22,500	0	0
Rent, Taxes, Insurance, Lighting etc.	14,06,127	2	3	13,30,550	7	7	11,26,954	9	0
Law charges	67,553	9	0	77,059	2	0	77,987	2	9
Postage and Telegraph charges	2,18,853	3	8	1,95,800	5	3	1,88,450	3	2
Remittance of Treasure	19,45,007	8	0	15,30,897	13	4	13,99,728	12	5
Stationery etc.	5,98,961	9	2	6,15,481	5	10	5,78,775	14	3
Security Printing—(Cheque Note Forms, etc.)	1,10,33,945	0	2	1,06,68,117	5	6	90,58,879	14	2
Depreciation and Repairs to Bank property	15,64,874	13	6	15,30,400	0	1	13,67,557	7	10
Agency charges	62,41,250	2	0	46,81,695	13	8	45,37,574	7	3
Contributions to staff and Superannuation funds	45,000	0	0	55,000	0	0	52,000	0	0
Miscellaneous expenses	14,10,688	14	5	10,78,816	13	9	9,99,507	5	9
Net available balance	20,00,07,919	4	7	20,00,10,974	0	8	17,50,45,805	4	7
TOTAL Rs.	25,44,50,866	6	6	25,01,05,550	5	6	21,93,92,640	4	7

PROFIT AND LOSS ACCOUNT—*contd.*

	FOR THE YEAR ENDED								
	June 30, 1956			June 30, 1955			June 30, 1954		
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
Surplus payable to the Central Government	20,00,07,919	4	7	20,00,10,974	0	8	17,50,45,805	4	7
Balance carried forward . .	*Nil.*			*Nil.*			*Nil.*		
TOTAL Rs. .	20,00,07,919	4	7	20,00,10,974	0	8	17,50,45,805	4	7

RESERVE FUND ACCOUNT

	Rs.	a.	p.
By balance on June 30, 1956	5,00,00,000	0	0
By transfer from Profit and Loss Account	*Nil.*		
TOTAL Rs. . .	5,00,00,000	0	0

C. S. DIVEKAR,
Chief Accountant.

Dated July 16, 1956.

B. RAMA RAU,
Governor.
K. G. AMBEGAOKAR,
Deputy Governor.
RAM NATH,
Deputy Governor.
B. VENKATAPPIAH,
Deputy Governor.

REPORT OF THE AUDITORS

TO THE PRESIDENT OF INDIA,

We, the undersigned Auditors of the Reserve Bank of India, do hereby report to the Central Government upon the Balance Sheet and Accounts ot the Bank as at June, 30, 1956.

We have examined the above Balance Sheet with the Accounts, Certificates and Vouchers relating thereto of the Central Office and of the Offices at Calcutta, Bombay and Madras and with the Returns submitted and certified by the Managers of the other Offices and Branches which Returns are incorporated in the above Balance Sheet, and report that where we have called for explanations and information from the Central Board such information and explanations have been given and have been satisfactory. In our opinion, the Balance Sheet is a full and fair Balance Sheet containing the particulars prescribed by and in which the assets have been valued in accordance with the Reserve Bank of India Act, 1934 and the Regulations framed thereunder and is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us, and as shown by the Books of the Bank.

S. B. BILLIMORIA & CO.,
P. K. GHOSH & CO., } *Auditors.*
SASTRI & SHAH.

Dated July 16, 1956.

(Department of Company Law Administration)

CHARTERED ACCOUNTANTS

New Delhi, the 6th September 1956

S.R.O. 2082.—In exercise of the powers conferred by clause (b) of sub-section (2) of Section 9 of the Chartered Accountants Act, 1949, the Central Government is pleased to nominate Shri A. H. JUST of Messrs. PRICE WATERHOUSE PEAT & COMPANY, CALCUTTA, to the Council of the Institute of Chartered Accountants of India *vice* Shri A. M. S. FERGIE resigned.

[No. 3(35)-Corp/56.]

C. P. GUPTA, Dy. Secy.

(Department of Company Law Administration)

THE COMPANIES REGULATIONS, 1956

New Delhi, the 8th September 1956

S.RO. 2083.—In exercise of the powers conferred by sub-sections (1), (2), (3), (5) and (8) of section 25 and sub-section (2) of section 609 of the Companies Act, 1956 (I of 1956), the Central Government hereby makes the following amendments in the "Companies Regulations, 1956" namely:—

In Annexure III to the said Regulations—

for the existing clause (4) the following shall be substituted, namely:—

"(4) that this licence shall be liable to be revoked in the event of violation of any of the aforesaid conditions or any of the conditions and provisions contained in the Memorandum of Association of the said company in accordance with the provisions of section 25 of the Companies Act, 1956."

[No. 12/20/56-PR.]

F. N. SANYAL, Under Secy.

CENTRAL EXCISE COLLECTORATE, DELHI

ADDENDUM AND CORRIGENDUM

New Delhi, the 30th August 1956

S.R.O. 2084.—At the end of para 3 of this Collectorate Notification issued under Rule 50 of Central Excise Rules, 1944, please add the following para:—

4. The factory removing such intermediate non-excisable goods to another factory should produce proof of material having reached the destination.

In line 3 of the list of non-excisable goods intermediate and Residual Products of excisable commodities attached with the notification referred to above, plase read "without" for the word "with".

[No. C.IV(16)9/5570347-48.]

3. B. BARMAN,
Collector.

MINISTRY OF FINANCE (REVENUE DIVISION)

DANGEROUS DRUGS

New Delhi, the 5th September 1956

S.R.O. 2085.—In pursuance of clause (a) of rule 2 of the Central Opium Rules, 1934, the Central Government hereby defines the tracts specified in the Schedule annexed hereto as tracts in the States of Uttar Pradesh, Madhya Bharat and Rajasthan, within which poppy may be cultivated on account of Government, during the Opium Year commencing on the 1st October, 1956, and ending on the 30th September, 1957:—

SCHEDULE

PART I

State of Uttar Pradesh

Designation of Tract	District	Extent Tehsil/Pargana
Faizabad Opium Division.	Faizabad	Mangalsi, Khandasa, Rath, Amsin and Haveli.
	Basti	Amorha.
	Ghazipur	Experimental farm attached to the Government opium and Alkaloid Works, Ghazipur.
Barabanki Opium Division	Barabanki	Daryabad, Baddu Sarai, Nawabganj, Ramnagar, Dewa, Kursi, Partabganj, Satrik, Siddhaur, Subeha and Haidergarh.
	Lucknow	Botanical Gardens, Lucknow.
Bareilly Opium Division.	Bareilly . .	Saneha, Ballia, Aonla, Sirauli and Faridpur.
Shahjahanpur Opium Division.	Shahjahanpur	Jalalabad, Kant, Nigohi, Tilhar and Jalalpur.

PART II

State of Madhya Bharat

Designation of Tract	District	Extent Tehsil/Pargana
Neemuch I Opium Division.	Mandsaur	Neemuch and Jawad.
Neemuch II Opium Division.	Mandsaur	Garoth, Bhanpura and Manasa.
Mandsuar I Opium Division.	Mandsaur	Mandsaur.
Mandsaur II Opium Division.	Mandsaur	Malhargarh and Sitamau.
Ratlam Opium Division.	Ratlam	Ratlam, Jaora, Alot and Sailana.
	Shajapur	Agar and Susner.

PART III

State of Rajasthan

Designation of Tract	District	Extent Tehsil/Pargana
Chittorgarh Opium Division.	Chittorgarh	Achnera, Partabgarh, Chhoti Sadri, Kanera, Nimbahera, Begun, Chittorgarh, Bari Sadri, Bhadesar and Doongala.
	Bhilwara	Bijolia.
Jhalawar Opium Division	Jhalawar	Khanpur, Aklera, Manohar Thana, Bakani, Asnawar, Patan, Bhawani Mandi, Dag and Gangadhar.
Kotah Opium Division.	Kotah	Ramganj Mandi, Sangr, Chechat-Moodak Chipa Barod, Chhabra and Atru.

[No. 2.]

W. SALDANHA, Dy. Secy.

MINISTRY OF FINANCE (Department of Revenue)

New Delhi, the 5th September 1956

S.R.O. 2086.—In pursuance of clause (b) of sub-rule (ii) of rule 2 of the Appellate Tribunal Rules, 1946, the Central Government has been pleased to appoint Shri S. S. Kapoor, Income-tax Officer, as Authorised Representative from the 22nd August 1956 to appear, plead and act for any Income-tax authority who is a party to any proceedings before the Income-tax Appellate Tribunal.

[No. 104.]

INCOME TAX

New Delhi, the 10th September 1956

S.R.O. 2087.—The following draft of certain further amendments in the Indian Income-tax (Provident Funds Relief) Rules, which the Central Government proposes to make in exercise of the powers conferred by sub-section (2) of section 58L of the Indian Income-tax Act, 1922 (11 of 1922), is published as required by sub-section (1) of the said section read with sub-section (4) of section 59 of the said Act for the information of all persons likely to be affected thereby and notice is hereby given that the said draft will be taken into consideration on or after the 31st October 1956.

Any objection or suggestion which may be received from any person with respect to the said draft before the date so specified will be considered by the Central Government.

Draft Amendments

In rule 3 of the said Rules—

(a) In sub-rules (1) and (2), for the words, brackets and figures "clause (2) of section 2 of the Indian Companies Act, 1913", the words, brackets and figures "clause (i) of sub-section (1) of section 3 of the Companies Act, 1956" shall be substituted;

(b) In sub-rule (2), for the words, brackets, figures and letter "sub-section (2) of section 282-B of the Indian Companies Act, 1913", the words, brackets and figures "sub-section (1) of section 418 of the Companies Act, 1956" shall be substituted.

[No. 63.]

P. N. DAS GUPTA, Dy. Secy.

CUSTOMS

New Delhi, the 8th September 1956

S.R.O. 2088.—The following draft of certain rules which the Central Government proposes to make in exercise of the powers conferred by section 43B of the Sea Customs Act, 1878 (VIII of 1878), as in force in India and as applied to the State of Pondicherry, is published, as required by sub-section (3) of the said section, for the information of persons likely to be affected thereby; and notice is hereby given that the said draft will be taken into consideration after 8th October, 1956. Any objections or suggestions which may be received from any person with respect to the said draft before the said date will be considered by the Central Government.

DRAFT RULES

1. **Short title.**—These rules may be called the Customs Duties Drawback (Hydraulic Brake Fluid) Rules, 1956.

2. **Definitions.**—In these rules, unless the context otherwise requires,—

(a) 'the Act' means the Sea Customs Act, 1878 (VIII of 1878);

(b) 'goods' means hydraulic brake fluid, which is manufactured in India or the State of Pondicherry by a registered manufacturer, and in the manufacture of which no volatile solvent, other than imported duty-paid diacetone alcohol, has been used;

(c) 'imported material' means diacetone alcohol imported into India or the State of Pondicherry by a registered manufacturer on payment of customs duty;

(d) 'quarter' means a period of three months beginning with the first day of January, the first day of April, the first day of July or the first day of October; and

(e) 'registered manufacturer' means a manufacturer, in India or the State of Pondicherry, of goods defined in sub-rule (b), registered under rule 4.

3. **Goods in respect of which drawback may be allowed.**—Subject to the provisions of the Act and these rules, a drawback shall be allowed in respect of the imported material used by a registered manufacturer in the manufacture of goods exported out of India or the State of Pondicherry.

4. **Registration of manufacturers.**—(1) A drawback under these rules shall apply only to such goods as have been manufactured by a person who has been registered under, and for the purposes of, these rules by a Chief Customs Officer authorised in this behalf by the Chief Customs Authority and hereinafter referred to as the authorised Chief Customs Officer.

(2) An application for registration shall be made by a manufacturer of the goods to the authorised Chief Customs Officer furnishing particulars of quantity and proportion of the imported material used in every one hundred quarts of the goods manufactured by him and such other particulars as the Customs Collector may require for the purpose of these rules.

(3) The manufacturer shall give an undertaking in the application for registration that no volatile solvent, other than imported duty-paid diacetone alcohol, will be used in the manufacture of the goods.

(4) The authorised Chief Customs Officer may, if he is satisfied that the provisions of these rules have been complied with, register the applicant as a manufacturer under, and for the purposes of, these rules.

(5) Subsequent to such registration, a registered manufacturer shall not vary the composition, that is, the unit or units, or the quantity of the imported material used in the manufacture of the goods in respect of which he is registered, except with the prior approval of the authorised Chief Customs Officer.

(6) Any variation of the composition in contravention of the foregoing sub-rule shall render the registration of the manufacturer liable to cancellation without prejudice to any other penalty to which he may be subject under the Act.

5. **Rate of drawback.**—(1) Where the Customs Collector is satisfied that a claim for drawback is established under these rules, such drawback shall be paid at the rate indicated hereunder.

(2) The rate of drawback of duty admissible under these rules on the shipment of the goods in the prescribed manner shall be seven-eighths of the average duty paid on the imported material used in the manufacture of the goods.

(3) Such rate of drawback shall be determined by the authorised Chief Customs Officer during every quarter on the basis of statements furnished by the registered manufacturer, and duly verified by a Customs Collector, of the value of the imported material, imported by the registered manufacturer during the preceding six months or such longer period as the Customs Collector may deem necessary, the quantity of the imported material actually used in the manufacture of the goods, and the customs duty paid thereon.

(4) Such rate of drawback shall be in force only for the quarter in which it has been determined and shall apply to all shipments of the goods made during that quarter from any port in India of the State of Pondicherry.

6. **Manner of allowing drawback.**—(1) A drawback shall be allowed on the shipment of the goods subject to the following conditions, namely:—

(a) the registered manufacturer of the goods shall make a declaration on the relative shipping bill—

(i) that a claim for the drawback under section 43B is being made, and

(ii) that the unit or units, or the quantity of the imported material used in the manufacture of the goods have not been altered subsequent to the registration of the manufacturer except under, and in accordance with, the provision of sub-rule (5) of rule 4;

(b) the registered manufacturer shall, in the shipping bill, furnish, in addition to the particulars required under section 29 of the Sea Customs Act 1878 (VIII of 1878) such additional particulars as may, in the opinion of the Customs Collector, be necessary for the purposes of these rules, and in particular, the Customs Collector may require such additional information in respect of the following matters, namely:—

(i) the description of the goods,

(ii) the name of the registered manufacturer, his registration number and the name of the Chief Customs Officer by whom he has been registered,

(iii) particulars of any brand or trade mark attached to the goods,

(iv) specification, if any, of the imported material, and

(v) the quantity of the goods contained in each container tendered for export; and

(c) representative samples will be drawn by a Customs Officer from each lot of goods tendered for export under claim for drawback, for verifying by chemical test or otherwise, the composition of the goods.

(2) No drawback shall be allowed on the imported material used in the manufacture of the goods in respect of which the composition has been altered contrary to the undertakings furnished as required under sub-rules (3) and (5) of rule 4.

7. **Powers of Customs Collector.**—For the purpose of enforcing these rules, the Chief Customs Officer or the Customs Collector may—

(a) require a registered manufacturer to produce any books of account or other documents of whatever nature relating to the use of the imported material in the manufacture of the goods; and

(b) require the production of such certificate, documents or other evidence in respect of each claim for the drawback as may be necessary.

8. **Access to manufactory.**—A registered manufacturer of the goods in respect of which a drawback is claimed shall give access to every part of his manufactory to an officer of the Central Government specially authorised in this behalf by the authorised Chief Customs Officer to enable him to inspect the processes of manufacture and to verify by actual check or otherwise the statements made in support of the claim for drawback.

[No. 70.]

[No. F.34/24/55-Cuc.IV.]

W. SALDANHA, Dy. Secy.

CENTRAL EXCISES

New Delhi, the 8th September 1956

S.R.O. 2089.—In pursuance of rules 49 and 139 of the Central Excise Rules, 1944, as in force in India and as applied to the State of Pondicherry, the Central Government hereby directs that the following amendments shall be made in the notification of the Government of India, Ministry of Finance (Revenue Division) No. CER-139(2)&49(1)/56, dated the 9th July, 1956, namely:—

In the said notification—

(i) in item (a), after the words "Sewree or Wadala", the words "Wadi Bunder or Hay Bunder" shall be inserted;

(ii) In item (c), the following shall be added at the end, namely:—

"or of Messrs. Caltex (India) Ltd., or of Messrs. Indo-Burma Petroleum Company Limited."

[No. CER-139(3) and 49(2)/56.]

S. K. BHATTACHARJEE, Dy. Secy.

CENTRAL BOARD OF REVENUE

INCOME TAX

New Delhi, the 3rd September 1956

S.R.O. 2090.—The following draft of certain rules which the Central Board of Revenue proposes to frame under sub-section (1) of section 59 of the Indian Income-tax Act (11 of 1922), for the purposes of sub-section (2) of section 37 the said Act is hereby published as required by sub-section (4) of section 59 of that Act, for the information of persons likely to be affected thereby and notice is hereby given that the draft will be taken into consideration on or after the 31st October 1956.

2. Any objection or suggestion which may be received from any person in respect of the draft before the date so specified will be considered by the Central Board of Revenue.

DRAFT RULES

1. These rules may be called the Income-tax (Search of Premises and Seizure of Documents) Rules, 1956.

2. The Commissioner of Income-tax may, for reasons recorded, issue a written order under his own signature and bearing his seal, specially authorizing any Income-tax Officer, subordinate to him, to enter any building or place, to be specified therein, where he has reason to believe that books of accounts or other documents which, in his opinion, will be relevant to or useful for any proceedings, under the Income-tax Act, 1922, may be found. Such order may authorise the Income-tax Officer to do all or any of the following acts, namely:—

(a) to enter the said building or place with such assistance of police officers as may be required;

(b) to inspect and search the same and to place identification marks on such books of account or other documents found therein as, in his opinion, will be relevant to or useful for any proceedings under the Act and to make a list of such books or documents with particulars of the identification marks thereon;

(d) to seize such books of account and/or documents, and take possession thereof; and

(e) to exercise all other powers and duties under the said section and the ules relating thereto.

Seal

"Commissioner of Income-tax".

[No. 61.]

P. N. DAS GUPTA, Secy.

INCOME-TAX

New Delhi, the 8th September 1956

S.R.O. 2091.—In pursuance of sub-section (4) of section 5 of the Indian Income-tax Act, 1922 (11 of 1922), the Central Board of Revenue hereby directs that the following amendments shall be made to its notification S.R.O. 1884. [No. 57-Income-tax, dated the 20th August 1956], namely:—

In the schedule appended to the said notification under the sub-head "XII-Uttar Pradesh and Vindhya Pradesh" under:

(a) Meerut Range, *after* entry "5. Saharanpur" the following entry shall be added:—

"6. Estate Duty *cum* Income-tax Circle, Meerut".

(b) Lucknow Range *after* entry "4. Special Survey Circle, Lucknow" the following entry shall be added:—

"5. Estate Duty *cum* Income-tax Circle, Lucknow".

(c) Varanasi Range, *after* entry "4. Gonda", the following entry shall be added:—

"5. Estate Duty *cum* Income-tax Circle, Varanasi".

(d) Kanpur Range I, *after* entry "2. Jhansi", the following entry shall be added:—

"3. Estate Duty *cum* Income-tax Circle, Kanpur".

[No. 62.]

[No. F.50/75/56-IT.]

B. V. MUNDKUR, Under Secy.

CUSTOMS

New Delhi, the 15th September 1956

S.R.O. 2092.—In exercise of the powers conferred by the last paragraph of ion 76 of the Sea Customs Act, 1878 (8 of 1878), the Central Board of Revenue eby makes the following further amendment in its Notification No. 108-Customs, dated the 9th September, 1950, namely:—

In the said notification after the item "(8) Mandvi", the following item shall be added, namely:—

"(9) Mundra."

[No. 52/10/56-L.C.II.]

S. K. BHATTACHARJEE, Secy.

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N.S.

(c) to examine such books or documents and to make copies of or extr from such books or documents;

(d) to take possession of or seize any such books or documents;

(e) to make a note or an inventory of any other article or thing in the course of such search which, in his opinion, will be for or relevant to any proceedings under the Act;

(f) to convey such books or documents to the office of the Incom Officer or any other authority not below the rank of an Income-tax Officer employed in the execution of the Act.

3. Whenever any place authorized to be searched or inspected is closed, any person residing in or being in charge of such place shall, on demand by the Income-tax Officer and on production of the authority, allow him free ingress thereto and afford all reasonable facilities for a search or inspection therein.

4. Where any person in or about such place is reasonably suspected of concealing about his person any article for which search is being made, such person may also be searched by the Income-tax Officer with such assistance as he may consider necessary. If such person is a woman, the search shall be made by another woman with strict regard to decency.

5. Before making a search or inspection, the Income-tax Officer about to make it shall call upon two or more respectable inhabitants of the locality in which the place to be searched is situate to attend and witness the search and may issue an order in writing to them or any of them so to do.

6. The search shall be made in the presence of the witnesses aforesaid and a list of all things seized in the course of such search and of the places in which they were respectively found shall be prepared by the Income-tax Officer and signed by such witnesses; but no person witnessing a search shall be required to attend as a witness of the search in any proceedings under the Act unless specially summoned.

7. The occupant of the place searched or some person in his behalf shall be permitted to attend during the search and a copy of the list prepared under rule 6 shall be delivered to such occupant or person at his request. A copy shall also be forwarded to the Commissioner.

8. When any person is searched under rule 4, a list of all things taken possession of shall be prepared and copy thereof shall be delivered to such person at his request. A copy shall also be forwarded to the Commissioner.

The order of the Commissioner referred to in Rule 2 shall be in the following form:

Warrant of Authorization under section 37(2) and Rule 2 Indian Income-tax Act, 1922 (11 of 1922).

To

(The Income-tax Officer)

Whereas information has been laid before me and on the consideration thereof I have been led to believe that certain books of account and/or documents which are or may be relevant to or useful for proceedings under the above Act in the case (*name of the assessee with G.I.R. No.*) have been kept and are to be found at (specify particulars of the building or place).

This is to authorise and require you.

(Name of the Income-tax Officer).

(a) to enter and search with such assistance of police officers as may b required, the said premises;

(b) to place identification marks on such books and documents as may b found in the course of the search and as you may consider relevant to or usef for the proceedings aforesaid and to make a list thereof together with particula of the identification marks;

(c) to examine such books and/or documents and make copies or extrac from such books and documents;